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A Centenary of Service	65	Cost of Living and its Compilation in Hongkong	75	Hongkong	
A "Master Plan" Vogue	66			Agricultural Developments in Hongkong and Future Pro- spects (Parts III-V)	89
Interdependence of Civilization	68	Centenary of Keswick Family in Far East	77		
		China			
The Advent of Atomic Power	70	Reports from China	78	Finance & Commerce	
		New Railways in China and Mongolia	81	Hongkong Exchange Markets; Hongkong Share Market; Singapore Share Market; Hongkong and Far Eastern Trade Reports	93
Asian Aspirations and Foreign In- vestment	72	Singapore			
Sharp Struggle over Two Roads in China	73	Business Conditions in Singapore for the first half of 1955	82		

A CENTENARY OF SERVICE

The celebration of the centenary of the Keswick family in the Far East took a form characteristic of the many traditions set up by the earlier Taipans of the Princely House—and for that matter, also by one or two of the so-called indigenous hongks whose hospitality is still fragrant among those who were in the Far East long enough to enjoy. It was right and proper that this remarkable event should have been noted; and that the Hongkong Club should have been chosen for its venue, since its halls enshrine many of the memories alike of personalities and of events which form so rich a part of the tapestry of the generations since Hongkong began its great transformation from a barren rock and an empty harbour to the great centre of commerce, finance and shipping it has now become. In Shanghai, especially, the hospitality of Jardine's Taipans in the old days was such that it was said "Ewo was a refreshment centre for a very large number of the foreign community." The "muckle Hoos" was in fact always the open house.

But it is not so much of this great tradition which belonged to the spacious days of old as of the living and continuing tradition of public and community service to which the Taipans for more than a century—and the Keswick family not least of them—made their full contribution. It is a tradition that belongs, with few and rare exceptions, to the British. A handful of Americans, to whom such a tradition was, by heritage and by intimate association, more natural than it was to persons of Continental birth, also made their mark in this field. But the record of public service of the Keswick family is unequalled and will now never be surpassed. No doubt the pioneer member of the

family, Mr. William Keswick, served the community in Japan and in Shanghai even before he began his many years of service to the Hongkong community as a member of the Legislative Council for periods stretching from 1868 to 1887. The Centenary of the family's direct association with the business of Jardine-Matheson & Co. in the Far East also represents a century of service to the community both here and in Shanghai.

Good wine needs no bush, and a great deal of this service was given in committee work where no reporters were ever admitted. As to that, a vain search of many reference books indicates that the family have been remarkably successful in doing much of their good by stealth. The worst was over when they appeared on the Far Eastern scene, for the Treaty of Nanking, and subsequent instruments, regularised the relations between East and West for a century. The Period of Conflict was not wholly over till the turn of the Century. In some respects it was carried over right up till our own time. But the Keswicks were never in the troubled vortex of history as was the original Dr. William Jardine, in the exacting years of crisis when the system of the Factories and the Cohong went by the board and a new basis for contact between Britain and the reluctant Empire of China had to be found. There are books of reference aplenty which tell of that episode, on which the name of Jardine is writ large. William Jardine was, in fact, one of the chief advisers to Lord Palmerston, and the famous Foreign Secretary of those times paid cordial tribute to his many-sided aid in arranging the solution of the many problems of naval, military and diplomatic affairs in Anglo-Chinese relations at that time.

The Taipans of the Princely House were practically all men of exceptional qualities as well as of business abilities: men made in the image of the two original partners. Matheson was described as "a gentleman of great suavity of manner and the personification of benevolence." One noted writer applied to both of them the words of Terence which, being interpreted, mean: "I am a man and I consider nothing that concerns mankind a matter of indifference to me." To that catholicity of concern all their successors have ministered.

To these tasks, which were over and above their own responsibilities as the directors of the biggest single merchant house in Asia, they brought a liberal-minded and broad vision. This, too, was an inheritance. The merchant pioneers looked at China and the Chinese from a viewpoint far less restricted than that which obscured the view of the great missionary Dr. Morrison and the equally religious minded Lord Napier, the first British Superintendent of Trade. In those days they were apt to look upon the Chinese as ignorant heathen, and to have a low opinion of them, despite the knowledge and admiration general among the elite in the West as a result of the revelations of China's order and opulence that followed the futile visits of the two great British envoys, Macartney and Amherst. But where Morrison was concerned with the overthrow of idolatry and the complete triumph of pure Christianity, the merchant princes were looking for a new and more amicable basis of permanent relations and trade. Either Jardine or Matheson may well have influenced the famous Minute in the proceedings of the Society for the Diffusion of Useful Knowledge in Canton, after the failure of Napier's campaign in Canton

to enforce his will and before the signature of the Treaty of Nanking.

"We are now to make the trial, whether the Celestial Empire, after it has defeated all efforts to bring it into alliance with the nations of the world, will not yield to intellectual artillery. . . . The end of our course is far distant; the barriers high . . . our advance therefore may be slow. Yet . . . we are glad to engage in a warfare where we are sure the victors and the vanquished will meet only to exult and rejoice together."

Much of the patience, confidence, and underlying statesmanship of that outlook has invariably informed the Taipans over the century and more since this Minute was written.

When Sir Robert Jardine left the East in 1860 the rule of the nephews of Dr. William Jardine in China came to an end. But there was no lack of collateral descendants to carry on the work on the spot. The Keswicks had already entered upon the scene, where they have remained ever since to this very day. And though the present resident representative of the family is leaving for the London office shortly, he will return to Hongkong now and then; and another generation, represented by the son of Mr. W. J. Keswick, is being groomed to carry on the personal association and the cherished traditions of the Princely House. Hongkong today stands out in the forefront of British territories for its vast amount of voluntary service in so many fields, from social welfare to the organization of sport. It owes to its own citizens the major credit for this reputation, which is no mean one. But it may well be said that the men of today have taken their example from the tradition set by the leading forerunners of the community, who lived glad but laborious days in the service not only of themselves but of the people as a whole.

THE "MASTER PLAN" VOGUE

Everybody appears to be looking for what they call "Master Plans" nowadays, oblivious of the fact that conditions change so rapidly that any plans should be laid and proceeded with on modest grounds for precisely the reason that it is so hard to see what is going to happen ten or even five years hence. It was not so very long ago, after all, that the Abercrombie Plan was drafted for Hongkong. Now it is alleged to be obsolescent by other would-be planners who want to know whether Government now has a Master Plan for the Colony before they venture forth with their own thesis for a Doctorate. This "Five Year Plan" fetish is very much overworked. The British and American, to say nothing of the German and other Governments, seem to manage tolerably well without grandiose Five Year Plans which always seem out of gear anyway. Most of them plan as they go along, and are accordingly seldom taken by surprise.

Now the mania has spread to Singapore. That somewhat tarnished jewel of the Imperial Crown, we are now told by the earnest Mr. Lee Siew Yee, had a Master Plan (capitals are indispensable in this context) 134 years ago. Unhappily this was long before Marx or the Bolsheviks, and therefore the authors omitted to call their Plan a Plan at all, still less the more pretentious Master Plan. Incredible as it may seem, it did not have any detailed report, maps, graphs, or any of the other impedimenta commonly associated with plans a la Karl Marx. It appears that Raffles merely sat down at his desk, pondered a while in a somewhat dejected but quite deceptive pose, and then simply wrote down in his own far from fair hand, and in the truly tentative tradition of British Empire-builders, the lines on which the then new British Settlement of Singapore should be developed. They called it an Edict in those days but that was because the Chinese Imperial tradition was so strong!

And now much more than a century later, Mr. Lee Siew Yee does a sort of book review of it and examines its implications. The Greeks bearing gifts do not extend to the unwary a clearer warning than a scribe writing for the modern Press of something that happened perchance 134 years ago. And it must be said for Mr. Lee that he cuts the cackle and comes to the 'osses with quite remarkable celerity. There were, he said, two main principles in the results of Sir Stamford's cogitations. One was that in allocating land, first preference should be given to merchants, second to artisans, and third to farmers. But lest readers jump, like Dr. Watson, too hastily to what seem obvious conclusions, let us hear a little more of what the spokesman for the Chinese community in Singapore really has to say. In Raffles' day the population was 10,000, and a much larger proportion of them were Malays. They were on the spot anyway. The Chinese had not heard quite so much about the extraordinary benefits of Colonialism as they did later, when they flocked in by the thousands. Now the population has been multiplied a hundredfold, as Mr. Lee puts it, and to-day's Master Planners have to cope with an island of nearly 1,200,000. This growth of population, and the further rapid natural increase to be expected, now poses a great problem of land use.

The Population Study Group, presumably a semi-official body, has issued a Report in which it assumes that the total population in 1972 will be about two millions, of whom more than 910,000 will be children of 14 or under. There will be relatively fewer people of working age and there will have to be a vast expansion of educational services to take care of the multitude of children.

But more important to Mr. Lee is the question how all these two millions will manage to live. Just now more people are engaged in commercial activities than in any other single type of work. More than half of these people are retail traders. The remainder are in the wholesale business, banks and commercial houses, or in small trading firms. Many of these establishments are linked with the entrepot trade and its associated processing industries. The Planners sound the obvious warning that unless external trade expands, there will be "serious consequences"—though hardly so serious as they would be if the Communists took over as in China and telescoped all members of each particular trade into one or more concerns and thus set free the great majority to help the State plunge forward in other ways.

The report notes that present trends indicate little expansion but it takes nevertheless "a cautiously optimistic view" of the future and recommends that the central area of Singapore should be so planned as to allow for an increase of 50% in the office floor space by 1972. These Planners should come to Hongkong for an infusion of far more robust confidence.

But of more interest to Hongkong in these days of industrialization are the recommendations of the

Industrial Study Group on secondary industry. Singapore has prospered as the Middleman of South-east Asia. The Master Plan points out, however, that this specialisation in commerce was made at the expense of development in other fields. The entrepot trade has paid such handsome dividends that there has been no incentive to look to the manufacturing industry. Alas, to support a couple of million people, Singapore must not only re-sell what others make and process what others produce, but must also make more goods of its own for sale. The manufacturing industry on the island is still in embryo. A few larger concerns have established new standards in skill and quality of product, but only 20% of the total engaged in manufactures come within this category. The great bulk are small family concerns, and the goods they produce are uneven in quality—"unevenness" is a familiar term nowadays in Red China. Moreover, they are handicapped by lack of technical skill and managerial ability.

The Planners put their heads together on this. The Industrial Study Group's recommendation, supported by the Master Planners (hereinafter known as M.P.s) in emphatic italics, is that the Government should "do everything possible" (which it always does) to encourage the development of secondary industry, and so enlarge the opportunities for employment. For this purpose, the Plan reserves 2,500 acres for industrial use. It further recommends that more industrial estates should be set up on the lines of those already provided by the Colonial Development Corporation and the Singapore Improvement Trust. Mr. Lee finds some slight comfort in the increased opportunities for bureaucratic and other civilian services, which will all require more hands and brains—nobody uses their feet in Singapore, of course, except when all the buses are idle and they have to walk to their homes and their offices in order to support the Labour Front regime.

The flaw in the plan is that nobody knows the Truth about Unemployment. There are, for instance, some 50,000 hawkers, who have enough to eat in good times and go short in bad times, while some who can't afford to buy food from the hawkers turn into hawkers themselves. In China, of course, the hawkers, too, are telescoped by the really rigid planners and sent back to the villages to be enrolled in conservancy corps and other bodies. The Colony's primary activities in agriculture and fishing do not offer much in the way of increased employment. But the Planners suggest land reservations at the 40 fishing centres and adjacent islands for expansion—an acre for every two families. There seems some uncertainty as to whether the acre is solely for fishing, but it is explained that the M.P.s are not in fact concerned with the physical expansion of fishing, farming and manufacturing. It is their job to plan only the utilisation of land. It is to others that Singapore will have to turn to learn how by 1972 the fishermen will be bringing in not 4,000 but 40,000 tons of fish a year. But the

INTERDEPENDENCE OF CIVILIZATION

By Hans Kohn

(Professor of History)

Individuals grow and develop, spiritually and morally, by contact. The same holds true of nations and civilizations. In the primitive stage peoples live as strictly separated entities. They jealously guard their own civilization, their original traditions, protecting them from alien influences. Mankind consists of closed societies firmly welded to their pasts and localities. But with the progress of history barriers give way to a growing cross-fertilization of civilizations; meeting the challenge of other cultures they diversify their own and liberate it from limiting shackles by assimilating and adapting outside influences, often in a complex give and take process. The more in the open society grows, the further it advances towards that unity of mankind

M.P.s anyway will provide the extra markets and the rest of the base.

For the farmers, the M.P.s propose high priority on land for agriculture. But, like the Civic Association planners here, they are not altogether certain about this. Policy, political rather than agricultural, may change—how true, how true—and if conditions in the Federation improve sufficiently to allow a large increase in agriculture there, then the Singapore priority on agriculture might be reduced. Maps of former Master Planners go far enough back to show reservations for non-existent cotton plantations and sugar—which only shows how careful Master Planners have to be in order not to lose face with their successors. But not only has cotton and sugar gone with the wind, so also have rubber and padi. Vegetables and the raising of livestock are the occupations of smallholders nowadays. And if 700,000 people are to live in the rural areas of the small island plainly there will be less land than ever for farming. The Planners have zoned land in Singapore for the farmer, but they really look across the Causeway to the great open spaces now somewhat hidden by rubber plantations to try and find room for the farmer squeezed out by the middleman. But it is hinted that it is not only the farmer who may find Singapore in 1972 inhospitable. The growth of population in the next 16 years may turn out to be a quarter of a million too many. There is always a remedy for that of course—you look into Naboth's vineyard over the border. Singapore may be short of land and natural resources, but the neighbouring territories have "something to offer." The Master Planners propose, this time in "dramatic italics," that "the future use of land in Singapore should be related to a regional scheme which would take into account land in the Federation of Malaya and other areas of South-east Asia." This would abate Singapore's problems of population growth and the economic consequences. But it is just possible the Malays will see through all this and insist on their right to farm or stay in Singapore!

which the Bible regards as the beginning and end of human history. For not only do all men descend from the same ancestors, from Adam and Eve, and from Noah and his sons, but the difference, and mutual non-comprehension and confusion of languages has been imposed as a punishment for the building of the Tower of Babel.

Buddhism in its vitality spread its message to China and Tibet, to Japan and Thailand, to Ceylon and Burma, everywhere vivifying and transforming the native civilizations and permeating them with the same attitudes. Even more penetrating was the spread of Greek civilization after Alexander the Great, who in his brief career was inspired by the hope of uniting the peoples of the earth in a new peaceful order based upon the community of civilization. He bade Greeks and barbarians, as Plutarch wrote, to consider as their fatherland the whole inhabited earth, and as akin to them all good men. The Stoics developed this attitude into a philosophy, and the Romans made the spread of a uniform civilization throughout the then-known world possible. This civilization was no longer Greek; it had absorbed Oriental and Roman elements, with a new emphasis upon humanitas, the human quality in every man and the essential oneness of mankind. This cross-fertilization of civilizations made the spread of Christianity—pious Christians have regarded it as portentous that Jesus was born in the reign of Augustus—and later of Islam, possible. The latter, originally the creed of desert Arabs, became a world factor by assimilating Greek and Persian civilizations.

The flowering of Christianity in the High Middle Ages, with its universities, poetry and chivalry, was an outgrowth of its closer contacts with the world of Islam. Arab philosophy transmitted to the West the wisdom of Greece; the court of Frederick II in Sicily, who admired Mohammedan civilization for the greater freedom of its intellectual atmosphere, showed the first symptoms of modern government; the Crusaders brought home from the Levant sometimes a deep respect for the wealth and form of the alien civilization which they found there. It was this very recognition of the interdependence of civilization and the willingness to become open to the influence of alien cultures which made the great advance of the West possible. It was the increasing withdrawal from open contact and intercourse which weakened Islam and Eastern Christianity. Around the year 1000 the leadership had been theirs, by 1500 it had definitely shifted to the West.

In the following five hundred years this leadership became more pronounced by the growing eagerness to explore other civilizations, to become enriched by this contact, and to visualize the world more and more as an open society in which the intercourse of ideas and the flow of goods should be untrammelled and continuous. It began with the Fifteenth century, when Western scholars eagerly learned from the Greeks who had left Constantinople after its fall to the Turks; it found a climax in the Eighteenth century when Far Eastern wisdom and art was joyfully and respectfully received in the West, and its intellectuals turned to the newly discovered primitive civilizations for inspiration. Nor did Western civilization tend to dissociate into closed entities proud of their originality. Educated men found their cultural fulfilment in Latin or French, and scholars and diplomats could meet in understanding without the help of translators. The great achievement of the West, the re-

cognition of individual liberty and free inquiry, was due to the interplay and interdependence of the low Countries—where Grotius, Descartes and Locke wrote, and where Pierre Bayle launched in 1684 his *Nouvelles de la Republique des Lettres*—and England, with its puritan and Glorious revolutions, of the Anglo-Americans in the virgin lands across the Atlantic, and of France, where the English concepts of the rights of the individual and the limitations of government were transformed into a universal message for every man and citizen.

Germany's greatest writer, Goethe, stressed always this interdependence of civilization. He acknowledged his deep indebtedness to alien cultures which to him were part of the one great patrimony; he had hardly any sympathy for, or interest in, the German struggle of his time for liberation from the French invader; in his old age he expressed his admiration for French culture, and he created the term *Weltliteratur*, world literature, as a meeting ground for the good in all civilizations and the nursery for the writers in all tongues. He did not confine himself to the West, though in many ways he was one of the representative men of Western civilization; his most mature poems were influenced by his reading of translations from Persian and Arabic authors; especially in the *West-Eastern Divan*, where these celebrated lines can be found: (God's own is the Orient! God's own is the Occident! Northern and southern lands. Rest peacefully in His hands).

The other great Germans of Goethe's time, Kant and Beethoven, Lessing and Schiller, were equally devoid of any national exclusiveness. But only a few years later a new emphasis was placed on the originality and uniqueness of national civilizations, on the differences of cultures; the more distinct culture became faithful to its own origins and past and unaffected by alien influences, the more it was thought to be creative. This cultural self-sufficiency was also applied to the political field in the stress of undiminished national sovereignty and to economic relations, in which national frontiers became ever mounting barriers. In his *Der geschlossene Handelsstaat*, the German philosopher J. G. Fichte suggested the creation of an ideal society in complete isolation from the rest of the world so that, by as little contact as possible with foreigners, it may develop its national character to the highest degree. While it would close its frontiers to all commercial exchange with foreign lands—thus establishing its own state as a great common work house guaranteeing work to every citizen—he at least exempted scholarship from this extreme isolationism. What-ever belongs to the citizen, he wrote, is under the control of the state, but scholarship belongs to man and not to a citizen. In the Twentieth century this distinction was given up in some cases of proclaimed self-sufficiency, as in national socialism and similar regimes, which now embraced all manifestations of civilization.

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The Nineteenth century, however, took on the whole a different course. Society became more and more an open market place of ideas and goods. Cobden and Bright spread fervently the gospel of free trade, not only as an economic doctrine but as a means to build the interdependence of mankind in peaceful dependence: In place of the old local and national institution and self-sufficiency, we have intercourse in every direction, universal interdependence of all nations. All as in material, so also in intellectual production. The intellectual creations of individual nations become common property. National one-sidedness and narrow mindedness become more and more impossible, and from the numerous national and local literatures there arises a world literature.

This fertilization by interdependence enriched the civilizations which tore down the walls separating them. Peter

the Great broke a first window in the wall which Orthodox Russia had erected in an attempt to isolate herself from Europe. A Century later when the victory of Napoleon brought Russian armies into the heart of Europe, a more open intercourse between the two civilizations slowly began to emerge, though it continued to be hampered by prohibitive passport regulations and the fear of contact predominant in the reign of Nicholas I. But even this incipient recognition of interdependence bestowed upon both civilisations a new spiritual energy and broadened their horizons to mutual benefit. The Russian educated classes began, under European influence, to strive for liberty under law after the Western model and to fight the traditional police state autocracy. Their efforts, with all their sacrifices, hopes and dreams, seemed crowned with success in March 1917, when Tsarism was overthrown. Europe, on the other hand, drew a new inspiration from the human warmth and the deep searchings of the Russian literature, from Gogol to Dostoevski, from Tolstoi to Chekhov. Russia's contact with Europe produced suddenly and almost without precedent a literature of the first magnitude: its influence radiated back to Europe, and in its turn fertilized the older literatures.

However, the fact that the interdependence of civilization releases unprecedented creative energies was not easily conceded. Many denied it, and Peter the Great's work formed in the Nineteenth century the subject of much bitter controversy in Russia. An influential group of Russian patriots, often called the Slavophiles, regarded his opening-up of intercourse with Europe as a misfortune for Russia; it was believed to have hindered or destroyed a pure indigenous cultural and spiritual development with exclusive roots in the peculiar traditions of Russian character and history. The Slavophiles were convinced that the flowering of Russian culture demanded an isolation from contact with alien elements—Russian culture in itself, and only in itself, contained the seeds for world leadership and world salvation. This exclusive nationalism with its emphasis on the creative folk spirit of the Russian masses and on their deep devotion to the true faith, turned against Europe and against Slavdom's Western neighbours, the Germans. Yet even this Slavophilism with all its claims to self-sufficiency was not an indigenous Russian growth; it had developed under the influence of German romantic thought by simply transferring the anti-cosmopolitanism and anti-intellectualism of German folk theories to the Slavs as the bearers of the true spirit. Thus even the most independent movements bear witness to the interdependence of civilization.

It has not always been clearly seen that the very insistence upon indigenous development and its unique and exclusive originality has been the product of cultural contact and of an erroneous interpretation of the past. The idealization of the Russian peasant masses in the Nineteenth century was an echo of the glorification of the unspoiled child of nature current in Eighteenth century Western Europe. German romanticists loved to dwell upon the truly Germanic character of the Middle Ages and their Gothic culture. They disregarded the essentially universal character of Medieval civilization, a period in which Germany was fully integrated with the common cultural stream of Roman Christendom. Oriental nationalists have often rejected Western civilization as an expression of crude materialism contrasting it with their pure indigenous spiritualism; in this attitude they were influenced by Ruskin and other European critics of certain aspects of Western civilization, and they sought support for their views in the recent re-discovery and re-appraisal of the Oriental past by European scholars.

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The degree to which cultural isolationism weakens and destroys a civilization that refuses to recognize cultural inter-

THE ADVENT OF ATOMIC POWER

Towards the end of 1954, public consciousness awoke to the startling truth that the prosperity without precedent the world is now enjoying will be of very short duration unless the supply of energy for industrial and domestic use can be vastly augmented in the next few years and made available at a price economically justifiable.

In February 1955, the British government issued a white book called: "A Programme of Nuclear Power", telling how

dependence in a community of nations, can be seen from the attitude of the Chinese at the beginning of the Nineteenth century. They were then convinced that they alone had the correct doctrine and knew the true way, that all others had to learn from them, while they could gain nothing from alien guidance or influence. From the towering height of their uncritical self-confidence, which placed them in the very centre of all civilized life, they built a wall of isolation around themselves and refused intercourse with other civilizations on a footing of equality. As a result Chinese civilization, in spite of its venerable antiquity and its unsurpassed records of beauty of form and serenity of wisdom, became proverbial abroad as the model of fossil pedantry. Only more recently the intercourse with other civilizations, eagerly sought by the educated youth, re-invigorated and rejuvenated Chinese civilization. A similar process in other Oriental countries, from Turkey to the Philippine Islands, inaugurated an entirely new period in the millenary history of Asia.

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Cultural intercourse was hampered in preceding centuries by vast distances and the scarcity of means of communications. All this has changed rapidly during the last one hundred years. Ever new geographic discoveries and technical inventions have made the globe one world, thus realizing in space what has long been recognized by religion and science, the existence of one mankind. This geographic and biological unity of a common earth and a common blood finds its spiritual fulfilment, however, in a plurality and diversity of civilizations. Each of them has its specific contribution to make, and complements the others. None of them exhausts the spiritual potentialities of man. In intercourse and interdependence they find the stimulating challenges preserving them from ossification and arousing them to search for new responses to ever-renewed questions and conquests. Western civilization, with its geographic centre in the North Atlantic and its emphasis on individual liberty and free inquiry, would have been much poorer without the recent meeting with the ascetic morality of Gandhi and the humanistic wisdom of Rabindranath Tagore, both the fruit of ancient India's contact with the West. The Mediterranean, once the centre from which Western civilization radiated, has witnessed recently at its Western and Eastern extremities efforts at the re-invigoration of the civilizations of Spain and of Islam, which in the past have played their great role. All signs portend that an African civilization arising out of a strong virgin soil under the fertilizing influence of older civilizations will soon take its place among these which in clearly recognized and desired interdependence make their contributions to an open society based upon freedom and diversity. Such a society pre-supposes co-operation in the spirit of tolerance. No civilization must think itself in exclusive possession of the true way and endowed with an infallible insight into the course of human history.

Britain proposed to tackle the problem. In June 1955, the O.E.E.C. published a report on "Intra-European Economic Co-operation in the Production and Distribution of Power", prepared by Mr. Louis Armand, Chairman of the French State Railways, indicating how the problem as it affects Western Europe should be dealt with. In August 1955, the International Conference on "The Peaceful Uses of Atomic Energy", summoned by the United Nations, discussed the problem as it affects human wellbeing all over the world.

Today, no time is being lost in taking the measures needed to increase the supplies of available energy that intensive public discussion this year has shown to be essential. The O.E.E.C. Commission for Energy, appointed to study the whole problem, held its first sessions in Paris September 26-27. Sir Harold Hartley is Chairman of the Commission. Mr. Walter Cislser, President of the Detroit Edison Co. and Chief Power Consultant of the American International Co-operation Administration, attends the meetings of the Commission as observer for the U.S.A.

This investigation is the direct outcome of the report published by Mr. Louis Armand, Consultant of the O.E.E.C. The Commission is questioning the governments of the O.E.E.C. countries and other interested circles to obtain trustworthy information wherewith to forecast the prospective needs and output of energy in Europe in (1) 1960 and (2) 1975. The field of enquiry covers problems of cost of production of power and the extent of capital investment required to expand the output of power to keep pace with increasing demand, manpower, and the possibilities of augmenting the international exchange of energy in various forms, as well as technical problems of production, transmission and utilisation of power.

"By the end of this century—A.D. 2000—the world will need more than eight times as much energy annually as it did in 1952", according to the estimates the United Nations' experts presented to the Conference on Peaceful Uses of Atomic Energy, adding: "As early as 1975, world consumption of power will have almost tripled!" More explicitly, world consumption of power is expected to have increased from 10.2 million-million kWh in 1952 to 27 million-million kWh in 1975 and 84 million-million kWh by A.D. 2000.

This amazing increase in demand will not be due solely to the acceleration in the rise of the standard of living. If that were the only cause, the rate of increase in demand might in time slow down as the goal in view were approached. The factor that keeps demand augmenting relentlessly is the increase of population all over the world and the imperative need of expanding the production of food and industrial raw materials in the underdeveloped areas, where the population soon begins to feel the desire for the same standard of living as that enjoyed by the people in the highly developed countries.

World population, now about 2500 million, is growing at the rate of about 100,000 every day. One of the major problems always confronting the world as a whole is that of providing more food, more clothing and more shelter for this ever-increasing mass of people. By A.D. 2000, the population of the world is expected to be about twice what it is now.

According to reliable statistics prepared for the International Conference on the Peaceful Uses of Atomic Energy, world consumption of power amounts now to about 23

million mega-WWh. One mega-watt = 100 kWh, the equivalent of 125 kgs coal or 83 kgs mineral oil. In the last few years, the increase in the world consumption of energy has been 4-5% yearly. A round figure in general use is that the demand for electrical energy in Europe doubles every ten years. While this could obviously not continue indefinitely, the continuous pressure thus created will probably last for some decades.

Speaking of the provisional ten-year programme for Great Britain, the British white book says: "By 1965, the new nuclear power stations should be meeting one quarter of total requirement of new generating capacity. . . . Any attempt to forecast the development after 1965 must be even more uncertain. . . . If all went well, it might be practicable by the early 1970s to expand the rate of construction of new generating capacity which, by that time, ought to amount to 3000 mega-watts per year. . . . The nuclear power stations in Britain would then be producing electricity at a rate equivalent to that yielded by about 40 million tons of coal".

Experts at the International Conference on the Peaceful Uses of Atomic Energy declared: "If, during the next half century, nuclear science is directed solely towards the production of electric power, no more than one-fifth of the world's energy will be obtained from nuclear sources by the year 2000. If, on the other hand, nuclear science is also directed towards the production of low cost heat, fissionable materials might provide as much as three-quarters of the energy required by the year 2000."

Coming from the highest competent quarters, these pregnant statements show that, even if, in the relatively near future, atomic power could be made available for industrial and domestic use at a cost economically justifiable, the problem of providing the total amount of energy the world is destined to need will not thereby have been solved. Vast capital investment on plant that would soon be obsolete or depreciate rapidly from wear and tear, is implied. While waiting for atomic energy in abundant quantity and at a competitive price, Europe must exploit to the full all her other latent sources of energy as far as capital can be made available; namely: coal, hydroelectric power, oil and natural gas.

At the present time, measured in calories, about 80% of the energy consumed in Europe is derived from hard coal, 5% from soft coal, less than 1% from oil—chiefly imported, about 12% from waterpower and less than 1% from natural gas. Despite all attempts in post-war years to increase the production of coal, the output is still not appreciably higher than in 1938. Great Britain, formerly the chief source of coal for Europe, now has difficulty in supplying her own needs and is to cease export altogether in 1956. Already many European countries have to import coal increasingly from the U.S.A. This is expensive. But the price of European coal is steadily increasing, partly because the demand for coal as a raw material in the chemical industries goes on augmenting.

No appreciable increase of power is expected from the use of soft coal, oil or natural gas. Only the development of the latent waterpower reserves of Europe promises any substantial addition to the amount of energy obtainable from sources already existing. Competent authorities estimate that the exploitation of the European waterpower resources will have reached the maximum in West-Germany by 1962, Sweden 1964, Switzerland 1965, France 1968, Spain 1972 and Italy 1975. Virtually all increase of power consumption beyond 1975 will have to be covered by atomic energy.

As long as coal remains the chief source of energy, the distribution of industrial potential over the world as a whole must remain very much what it is now, because 80% of the coal resources of the world are in the U.S.A., the Soviet Union, West-Germany and the United Kingdom. Industrial development everywhere will be hampered seriously if the coal-producing countries, following the example of Great Britain, restrict export. The advent of atomic energy in abundance and at a competitive price would, however, lead to a redistribution of industrial activity, because all the materials whose fission is the source of atomic energy can be transported almost without cost to the natural sources of raw materials and used there to generate energy where new industries would arise.

As energy from coal and waterpower is much cheaper in America than that generated in Europe, the industrial supremacy of the U.S.A. will be assured only until the advent of atomic energy eliminates existing advantages, making the industrialisation of the underdeveloped countries feasible. As matters stand now, an industrial worker in the U.S.A. consumes on the average 175,000 kWh a year, while his colleague in Europe has on the average only 56,000—about one third. (Benelux 100,000, West-Germany 90,000, Great Britain 85,000, France 68,000 kWh). This helps to account for the present dominating position of the U.S.A. in world economy.

But as there is no means of estimating, even roughly, how fast atomic energy will become available, the virtual impossibility of increasing the output of coal in Europe implies that efforts must now be focussed on the development of all latent waterpower resources. Unfortunately, these sources, in general, are not found where the hydroelectric power could be used industrially to the best advantage. The chief sources are estimated to aggregate: Norway, 104,500 units, each 10.6 kWh, about 17% exploited, Yugoslavia 50,000 units, 2% exploited, Austria 30,000 units, 17% exploited. These countries could never consume all their own latent resources, if exploited. Any surplus over home consumption could, however, only be exported by the installation of high tension transmission lines for distribution over a common grid for use in existing industries, now in course of expansion.

At present, less than 2% of the electric power generated in Europe is transmitted across political frontiers. Arithmetically, this seems negligible. In reality, even this small figure is of vast significance, because, by the interchange of power, investment capital is economised. Each country on the common grid can use the common reserves available to meet occasional emergencies. As a rule, the transmission of high tension power is economic only up to a distance of 500 kms, never beyond 1000 kms. Only such waterpower as is generated at high altitudes—for example, in Austria—where the water is caught in storage dams for use as required, can be used for long-distance transmission.

There is, however, no fear of loss of capital invested in building storage dams should atomic energy become available earlier than expected. "As nuclear stations will have a higher capital cost and a lower running cost than other stations", says the British white book, "they will be run as baseload stations at a high load factor—perhaps 80%". That means that atomic power generation would pay only of run at capacity the whole time, and be dependent on the availability of reserves of high tension power obtained from storage dams, available to meet peak demands immediately they arise.

ASIAN ASPIRATIONS AND FOREIGN INVESTMENT

By Norbert A. Bogdan

(President of American Overseas Finance)

It has always seemed pointless to try to draw sweeping conclusions and parallels with respect to countries like India, Japan, Indonesia or Afghanistan just because they are located in this diverse area called Asia. Great contrasts exist in Asia today. Some countries are greatly overpopulated, while others are almost underpopulated. Some countries import food, others export food. At one extreme there are the agricultural economies of Thailand, Burma, Indonesia; at the other extreme there is highly industrialized Japan. In between there are countries with an increasingly good balance between agriculture and industry such as India. Some countries have an exceptionally high degree of literacy; others an exceptionally high degree of illiteracy. Some are one crop countries; others are lucky to be able to draw on a wide variety of natural resources. In the Philippines and Pakistan, for instance, we find a decided preference for private enterprise; elsewhere there is much reliance on and faith in state paternalism. Some of these contrasts are, partly the results of deep rooted religious and ethnological factors and partly of course of such natural factors as climate, topography, etc.

No continent has probably ever experienced such profound political changes in a short span of time as Asia has during the past ten years. The Philippines, India, Pakistan, Burma, Ceylon and Indonesia all have gained their political independence since 1945, and it is still difficult for Americans and Europeans in the 20th century to grasp what a tremendous impact this has had and will continue to have on the Asian mind and on Asian attitudes toward the rest of the world.

One of the most striking things that has happened in the wake of this new political independence is the concentrated energy which is being devoted to economic development. Asian countries are tired of being referred to as underdeveloped areas, particularly as in view of the continuous progress of science, even the most highly industrialized country can be called underdeveloped today in terms of what it may be ten years from now. But it is undeniable that the standard of living in many parts of Asia is still very low and the important thing is that government and people alike all over Asia are now firmly and almost passionately dedicated to the task of raising the living standard of their people. Everywhere it is realized that economic development doesn't just happen but has to be earned at a high cost and sacrifice.

When we look at figures and facts covering the last ten years, we find that a great deal has already been accomplished and that the rate of progress in Asia continues to be spectacular. Not only is it notable in terms of production increases and industrial development but also of the development of managerial experience and of the refinement of the techniques of Government. Notable is the example of a European country which happens to be laboring under great economic difficulties at the present time, and which only recently asked the Governor of the Central Bank of one of the Asian countries to act as a financial and economic advisor in helping it solve its problems. This is a great compliment not only to the man in question, who is indeed one of the outstanding central bankers of our time and has done a great deal for his own country, but also a tribute

to the Asian climate where good judgment has today an opportunity to translate sound theory into fruitful action.

Economic development is the order of the day throughout Asia. Inspired by a fervent desire to fight poverty and disease, fired by emotional pride in newly-won independence, and driven by an ambition to show the world that the non-Western mind and non-Western way of life can hold its own in the modern world, we find 5-year plans here and 6-year plans there and even 10-year plans elsewhere. There is nothing overly modest or tentative about these development plans. They reach toward impressive goals.

One would think that in a situation like that foreign capital would have an opportunity to play an important role. Clearly Asia herself lacks the financial resources and some of the technological skills that foreign capital could provide and there is no doubt, among Asians too, that foreign capital could do a great deal to accelerate the rate of economic development. Yet as we look at the figures, we find that the amount of foreign capital, either American or European, going to Asia is relatively very small. Why is that so?

Basically there are three reasons for this. First, Asia has a perfectly understandable but nevertheless regrettable mental complex about foreign capital. There is widespread, instinctive fear that foreign capital, if encouraged to come in on a large scale, will encroach on newly-won political independence. I am not enough of a student of Asian history to know whether during the last 100 years foreign political control resulted in economic control or whether foreign economic penetration gradually led to political control. Whichever it was, the fact is that even now Asia is free from foreign political domination. Asians are afraid that the entrance of foreign capital may bring back the days of colonialism.

Second, for a variety of reasons, some of them very deep-rooted, Asians have never really studied the modern capitalistic system at work. They are prone to seize upon some of the inevitable weaknesses of the system and fail to comprehend, or sometimes even refuse to test, the enormous vitality, the unlimited fertilizing and snow-balling effect of a true private enterprise system, particularly if it is kept fluid and dynamic enough to adapt itself to the changing trends of modern evolution. In some countries, and the Philippines is one of them, this state of mind does not exist to any degree. But in most other countries the average person thinks that competition is crude, that a high rate of return on investment is anti-social and that freedom from governmental interference is a sign of disorder. Governments, who of course realize the inadequacy of internal private resources to carry out and speed up development plans, thus find it easy to arrogate to themselves the right to take over or at least control the job of development instead of doing something concrete about creating a climate favorable to the accumulation of savings and of private investment, both domestic and foreign.

Third, there is a widespread notion in some of the Asian countries that foreign capital either has to migrate or should be admitted only on Asia's terms. People still fail to realize that the foreigner who has capital to invest is an extremely independent and usually very knowledgeable person, who has plenty of opportunities for profitable and far

SHARP STRUGGLE OVER TWO ROADS IN CHINA

The People's Government has undoubtedly taken to heart some of the grim lessons of Stalin's terrible battle with the peasants. Every rural official, as well as the other party folk, has to study his "History of the Communist Party, Soviet Union" as required reading for examinations and promotions. A year or two ago they came up against the terrible and tragic chapters which related to the shattering struggle with the kulaki, which Stalin himself told Churchill was worse than the struggle with Hitler's legions. Undoubtedly it terrified the unhappy, lonely, and exposed kǎmpu deep in the countryside, and it may have been even more responsible than local opposition and difficulties for

less risky investment right at home or in other areas where it is welcome and where his contribution to development is not suspect.

It is perfectly understandable why Asia feels the way she does and it is equally understandable that foreign capital should be hesitant to go to places where it does not feel welcome. Thus, if the movement of capital towards Asia remains small, it is not Asia's fault nor is it the foreign investors' fault. Only time can bring about a change. We have no right to preach to others how to time-phase their own development plans and let us confess that many of us in the so-called Western World have been remiss in really trying to understand what has happened in Asia and what is going on there now. The record to date certainly inspires confidence that Asia will know how to tailor the scope and rhythm of her development to the measurements of her own resources and will thus avoid the errors of excess speed and imbalance committed in so many other parts of the world. Let us hope that once Asia has overcome her sensitiveness vis-a-vis the outside world she will also understand that foreign capital no longer carries a big stick and, if treated like a welcome guest, rather than tolerated as an intruder, it can and will do a great deal to speed up the rate of economic development.

When I use the term capital I primarily refer to equity investment, both of the portfolio and the so-called direct type. It is entirely possible that pending clarification of the investment climate, the emphasis during the next few years will be more on lending to Asia than on investing. The impressive record of good fiscal judgment shown by many of the Asian governments in recent years makes their countries thoroughly satisfactory loan recipients. Their debt record is excellent, exchange control techniques are efficiently administered and there is every reason to expect a continued and growing interest on the part of lending institutions such as the World Bank, the Export-Import Bank, the International Finance Corporation and the commercial banks to extend short, medium and long term loans to both governmental and private borrowers in Asia for sound development purposes. To that extent foreign capital will make a contribution toward the expansion of Asian economies in a form more acceptable to most of the Asian countries than the regular form of equity investment. There is also the possibility that in some situations lending operations can be combined with or may gradually lead to the investment of equity capital, thus creating opportunities for Asians to see for themselves that not only foreign lenders but even foreign investors are people who are simply interested in making money for themselves while helping others, and not in putting the clock back or depriving the nationals of other countries of opportunities to which they are fully entitled.

the admitted passivity and timidity of the rural cadres so picturesquely described by Mao Tse-tung himself as "tottering along like old women, fearing the dragon ahead and the tiger behind."

The orders he and the ruling group of the Party oligarchy in Peking issued have nevertheless been carried out, at least in numbers. Expansion has been carried out at such a pace that the target of 1,300,000 producer co-operatives set for the autumn of 1956 was exceeded before the end of the year, and is already approaching two million. The issue as it evolved in argument lay between expansion and consolidation. The same issue had arisen before, when Liu Shao-chi called for a similar splurge, and expansion was everything and consolidation left to take care of itself.

But there is clearly a change of approach, from one of almost hostile exploitation in behalf of the urban and industrial classes to one of genuine helpfulness and sympathy for the peasant. The monolithic character of the CCP remains. It still existed unimpaired when Nationalist and other outside critics talked of the National and International Cliques. It was threatened when Kao Kang talked of two groups—the men of the revolutionary bases and the men of the "white areas": a crack at Liu Shao-chi and the Moscow-trained men whose experience was gained either in the Soviet Union or in the occupied areas during the Japanese War. But Mao Tse-tung, forced out of his easy-going ways in the last few years and taking over command from his brilliant and forthright second, does not know and sympathize with the peasantry. They in turn realise this, and thus the next stage of the battle—and even Mao Tse-tung himself spoke in such terms—begins under more favourable impulses.

The peasant question which the Communists tried to deal with in the land reform several years ago was that of land ownership. The struggle was directed by the party workers as a struggle between landlords and peasants. Now it is chiefly between the peasants on the one hand and the rich peasants and other capitalist elements on the other. The communique approved by the last plenary session (the sixth) of the Seventh Central Committee of the CCP on October 11, 1955 said it is now essentially a struggle over the choice between two roads—to socialism or to capitalism. The question to be solved was that of agricultural co-operation. It pointed out that China's industry is growing rapidly. Facts show that if the development of agricultural co-operation fails to keep pace with it, if the increase in grain and industrial crops lags behind, China's socialist industrialization will run into great difficulties.

"The situation has already changed fundamentally," said the communique, "but the attitude of some of our comrades to the peasant question still remains at the old stage. They fail to see the sharp struggle over the choice between the two roads which is now taking place in the rural areas. They fail to see the active desire of the majority of the peasants to take the road to socialism. They are satisfied that the peasants have obtained land from the landlords, and want to keep things as they are in the villages, or contend that the speed at which agricultural co-operation develops should be very slow. They fail to understand that this means abandoning the active leadership of the Party in the movement for co-operation and allowing capitalism to develop freely in the rural areas. This would result in undermining the worker-peasant alliance, losing working-class

leadership of the peasantry, and so heading the cause of socialism for defeat.

"Comrades with such misguided views are afraid to trust the masses. They are pessimistic about the policy on agricultural co-operation of the Central Committee of the CCP and about the leadership of the local Party committees at various levels. They assume that our Party can hardly consolidate the several hundred thousand small co-operatives that already exist and that any large-scale expansion is inconceivable. They have put forward a right-opportunist policy of 'drastic compression,' and in some places dissolved a large number of co-operatives by compulsion and 'orders from above.' Yet this pessimism is in practice shown to be unfounded by the growing consolidation of the several hundred thousand co-operatives which already exist, the increased output of the majority of them, and the active desire of the peasant masses to join them. The bankruptcy of this right opportunist is thus exposed and shown up for what it really is—a reflection of the demand of the bourgeoisie and the spontaneous growth of forces tending towards capitalism in the rural area. The Sixth Plenary Session holds that the criticism made by the Political Bureau of the Central Committee against right opportunism is absolutely correct and necessary. We can bring about a fundamental change in the Party's rural work, and alter the situation in which leadership lags behind the mass movement, only when this right opportunism is thoroughly criticised and repudiated. This change is vital if progress in the agricultural co-operative movement is to continue till complete victory is won."

The majority of the poor peasants who have not yet risen to a better economic position (despite the Party's promises) are referred to specifically as those likely to prefer the socialist road, as well as the lower middle peasants. Actual experience has taught the peasants that they cannot go on living as they used to—farming scattered, tiny plots on their own—that the only way out is for a large number of people to come together, pool their labour and work under collective management. The producer co-operatives can organise labour power rationally so that productivity can be raised more rapidly; they can systematically and effectively use land and extend the area under cultivation; they can resist or reduce the ravages of nature, and with State help gradually introduce technical reforms in agriculture.

The Central Committee then set forth the procedure to enable the movement to develop on "an even firmer foundation." As the movement progresses, an acute struggle will be waged against the rich peasants and speculative merchants. The mass of the middle peasants in particular must be educated and convinced so that they can stop vacillating between the socialist and the capitalist roads. Therefore, the movement must be given a firm core—a core formed of the active elements among the poor peasants who have not yet been elevated to a better economic position and those of the lower middle peasants among the new middle peasants who were formerly poor peasants. It should also include part of the active elements of the lower-middle peasants among, the old middle peasants. They should be organised to set an example and convince other peasants.

The desire to join these classes differs a good deal and so every year they must be sorted into groups according to the degree of their political consciousness and over the next few years organised into new co-operatives or absorbed into existing ones. Patience must be exercised toward those who, for the time being, do not wish to join. They should never be dragged in against their will. To begin with it is not advisable to accept well-to-do middle peasants unless they show a genuine willingness to join. Let them wait

and see the advantages of co-operative farming. Good relations should be maintained with the middle peasants, who are the permanent allies of the working class and poor peasants. Their interests should never be infringed nor their property taken from them. Their tendency toward capitalism should be countered by convincing argument, not dealt with by arbitrary administrative methods. Before setting up co-operatives it is essential that the masses should be mentally prepared and that rightist tendencies in the Party should be censured and overcome. The masses should be prepared both by propaganda and by organization for the formation of co-operatives. Mutual aid teams must be promoted on a really wide scale, and wherever possible combined into joint teams so as to lay the groundwork for turning them into co-operatives. Joint committees of mutual aid teams and co-operatives may be established in villages where there are mutual aid teams and co-operatives, to pave the way for the future merging of co-operatives. Short-term training of cadres for running co-operatives is an important preparation and those to be trained should be carefully chosen.

The growth of the co-operative movement, says the Central Committee, should go hand in hand with the consolidation of existing co-operatives. Both expansion and consolidation are necessary and overhaul should be carried out two or three times a year, so as to keep on improving the quality. The local Party and Youth branches in each hsiang must be relied on both for establishing co-operatives and for overhauling them. The key to the successful running of them lies in the strengthening of the work of the Party and Youth League branches.

Producers' co-operatives in the present stage are generally of an elementary, semi-socialist type, characterised by the pooling of land and a single management. This kind is a transitional form to the fully socialist type. Private ownership of land and some other important means of production is, in the main, retained, and privately-owned means of production are not to be hastily turned into common property. Co-operatives would thus pay a certain amount of compensation for the use of private land, draught animals and large farm tools and reasonable prices for such private means of production as draught animals and farm tools when transferred to the co-operatives as common property. The means of production owned by members of co-operatives differ in number and in quality. In view of this suitable agreements must be reached on all these questions as well as on the question of subsidiary occupations.

The communique goes into great detail in dealing with the methods of assessing the yield of land to be pooled; on the decisions as to what dividends will be paid on it, which should "generally be lower than the amount paid out for labour"; on the proportion of income decided on as dividend for land; and adds that in view of the peasants' predilection for the private ownership of land, the amount of dividend which the co-operatives decide to pay on land should remain constant for a certain period, say two or three years after a co-operative is founded, and should not be lowered each year; still less should dividends on land be discontinued prematurely. There is also detailed regulation of other matters such as draught animals and farm tools, fodder, the means of production for subsidiary occupations, members' small holdings of trees, etc.

In order to put their collective economy on a sound basis, co-operatives should gradually build up common funds in two main forms, a shares fund and a reserve fund, and the communique outlines how this should be done. A member withdrawing from a co-operative may take with him his share contribution but not any of the reserve fund or the welfare fund. Apart from this members should be encouraged to

COST OF LIVING AND ITS COMPILATION IN HONGKONG

By J. Y. Yang

In their daily living, Americans have more than enough of food like meat, bread, milk, butter, cheese, etc. and regularly donate the surplus of these foodstuffs to the needy peoples of other countries including the poor of Hongkong, while the Chinese under the Communist regime can obtain only 12 catties of rice per month, in addition to a limited quantity of other foodstuffs under the Coupon system. Such vital items as cooking oil, meat, poultry, fruit are rarely

obtainable in China. Moreover in the United States, every four persons own an automobile while in China motor cars are a great luxury. The living standard in the United States is so high that it cannot be compared to China's. Sometime ago when Russians visited London, they were surprised by cinemascope movies there, the like of which they had never seen in their homeland. This is a clear proof that the living standard in the U.S.S.R. is lower than that in England.

invest in the co-operatives which should repay capital so invested with interest at regular intervals.

The co-operatives must adopt measures to ensure the growth of their productive powers and prove in practice that co-operatives are much superior to individual peasant farming and mutual-aid teams. In numerous paragraphs direction is given as to how to go about this. The valuable experience of those co-operatives which have successfully built up a system of fixed responsibility for a specified job should be publicized and labour power should be rationally organised. An industrious and thrifty attitude is to be encouraged in running the co-operatives. Financial management and book-keeping should be improved. Political, cultural and educational work should be improved. Financial and economic departments concerned must treat financial and technical aid for the co-operative movement as one of their most important tasks, with loans, agro-technical stations, improved state farms, etc. Farm tools should be made cheaper but quality maintained or improved, while bookkeepers should be trained in adequate numbers and sent out to the rural areas to give guidance.

This is all very fine, but is a gospel of perfection unlikely to be carried out. It is likely to produce fully as much trouble as the rich peasants and counter revolutionaries, who will "engage in all kinds of sabotage," and to this the Party workers must be alert. Some have even organised sham co-operatives and others have gone in and taken charge of them and thus undermined the Party leadership. Therefore for the next few years landlords or rich peasants must be absolutely debarred from joining, and those who have already joined should be dealt with individually according to how they have behaved since joining. Co-operatives in which they have gained control must be cleaned up, and sham co-operatives dissolved.

Planned leadership requires plans at all levels, and the commune takes note of specific differences in conditions in different areas and renders guidance on this matter in some detail. Particular attention is urged to hsiang plans because the villages were the foundation of all, and, finally, stress is laid on the party leadership at the different levels. What is needed is initiative not passivity; firmer leadership, not its relinquishment. It should respect and encourage initiative and creative ability among the masses and should protect and foster these growing, developing forces.

This long document is almost unexceptionable in theory, though many will be a trifle greasy in the stomach over the excessive expressions of concern, moderation, persuasion and all the other genial paraphernalia of the Communist conscience. But the harassed and overburdened kanpu simply cannot carry it all out in this benign and soulful spirit.

The comparison of living standards in various countries is a significant cross-section picture proving that some peoples in the world enjoy their self-achieved economic prosperity and scientific and industrial progress, while others suffer from poverty in its many aspects. In a broad sense, "living standard" covers both the necessities such as food, clothing, housing, etc. and luxury materials consumed and such enjoyments as broadcast reception, movies, television, dancing, etc. It is a truism that the higher the living standard, the better is life. To obtain better living is the goal at which most people aim, and consequently this aim keeps men working, struggling and fighting on the human stage.

The total amount of money paid for materials and services consumed for a certain period, say, one month, is termed as "cost of living" which, therefore, is always accompanied by the terms of "price" and "purchasing power of money". It is in direct proportion with price, but in inverse proportion with purchasing power of money. The comparison of cost of living of a certain territory over successive periods is a vertical analysis to show that a living in the territory concerned is easier or harder to earn.

Cost of living, however, usually covers the amount of money spent for maintaining necessities such as food, clothing, housing, etc. only, but does not include any expenditure incurred for purchase of luxuries nor spiritual enjoyments. Luxury goods and spiritual enjoyments are not regarded as necessary requirements to support human life and are vague in selling prices on account of elastic demand for them. It is most difficult to compile an index of the cost of living covering luxury items. To make an index of the cost of living easier we have to confine it to the expenditures incurred for the daily necessities required by the lowest class in the community as their prices are comparatively stable. As a rule, statisticians in various countries have chosen workers to represent the lowest economic class in the community concerned. In consequence, we always deal with the term of "wage" when we take up the problem of "cost of living".

Having clarified some concepts in connection with the cost of living, we will now go into the problem of price as a starting point towards an understanding of what an index of cost of living means and a general idea of how it is compiled. Take, for instance, the cost of 1 catty of rice at 45 cents in 1950 and at 50 cents in 1955. These two figures are simple to comprehend but it would not be so if we asked what happened to cost of living in general between 1950 and 1955. In the latter case, we should doubtless find that during 1950 and 1955 prices of some goods have risen, some have fallen, and some did remain about the same. It would be no longer possible merely to compare two simple figures. To make comparison among complicated things, such as the cost

of living, we have to do so by using some statistical help. For instance, we have a list of the prices of 10 commodities in 1950, and another list showing the price of each of these 10 commodities in 1955. We note that some of the commodities have risen in price and some have fallen, and we are interested in knowing whether prices in general have risen or fallen by counting the cases in which prices have risen and the cases in which prices have fallen. If we find 7 increases and 3 decreases, we might conclude that the prices have risen in general. Yet the 7 increases be small and the 3 decreases large, in which case it is quite possible that the decreases would be more than enough to offset the increases. It is obvious that what we will need is some single summary figures that will characterise these increases and decreases. Thus arises the problem of computing of "average" by various methods of computation according to data of different characteristics known as arithmetic mean, median, geometric mean, harmonic mean, quartic mean, etc. in statistics.

Again, let us assume that there are 5 commodities A, B, C, D, and E which are of equal importance. Their prices in 1950 and 1955 are given in the following table:

Hypothetical Price Data			
Commodity	1950		1955
	Price		
A	\$1.00	\$1.17
B	0.40	0.30
C	0.60	0.66
D	1.12	1.12
E	0.60	1.20

By checking up the prices of each commodity in the two years one by one, we note that 3 of these commodities (A, B, C) have risen in prices. One (D) has not changed, and one (E) has fallen in price. Obviously, to compare the absolute values of every figure in this way is tedious work. Furthermore, how can we get a single summary figure that will show us the amount of the change in price? We can add up the two columns of figures and obtain a sum of \$3.72 for 1950 and of \$4.45 for 1955. In other words, it takes somewhat more money to buy all commodities in 1955 than in 1950. Taking 1950 as the base period, we can work out the change in 1955 as in percentage equivalent to the sum of 1950 which equals 100 percent by direct proportion, the 1955 prices are $\$4.45/\$3.72 \times 100 = 119.50$. This is known as comparison of relative values, and it means that the prices in 1955 have increased by 19.5% as compared with the prices in 1950. Generally speaking, we should say merely that the 1955 price index number to a 1950 base is 119.5.

Index number is a figure to show a change in price or quantity in ratio to a number taken as norm, or base. The commonest uses of index numbers are to measure the change in general price level, in the cost of living, in the rate of wages, etc. which are directly related to "cause and effect" and are always considered together, as briefly stated in the foregoing paragraph. Professor Irving Fisher's definition: "The index of wage divided by the index of cost of living for wage earners is the index of wage purchasing power" is illustrative of this point. The index number which we have just computed is called the simple aggregate index number. There are several other types of index numbers according to the methods applied in compilation. We need not deal with them here.

If the commodities previously tabulated differ in importance, we face yet another problem. For instance, if rice goes up in price by 5 cents per catty, the effect on the family budget is much greater than an increase of 15 cents each on hairbrushes. In fact, a 5-cents increase in price of rice is much more important to consumers than a 30% increase in price of hairbrushes. If the rice price rose by

2% and hairbrushes fell by 2%, the mean relatives would show no change—yet consumers would feel that the prices had risen. To them the increased price of rice is not offset by the lower price of hairbrushes. Obviously the things for us to do is to take a weighted average of the price relatives rather than a simple average. We could do this by counting the price of rice 20 times and that of hairbrushes once. It is simple merely to multiply the price of rice by some figure that represents its importance, and the price of a hairbrush by some figure that represents its importance. Thus for each commodity we have a weight which indicates its importance. If our index number is to be one of the cost of living, we may well weigh commodities according to their importance (usually known as "weight" in statistics) in the family budgets of the working class which show the cost and the amount of the various commodities on which wages are spent. This is the reason why we have to survey the working class' budgets first prior to the compilation of a series of index numbers of cost of living. The information is always collected first-hand from the families concerned, and it is not easy to secure accurate accounts either of income or expenditures that require intelligence, time, and attention.

Like a thermometer which simply shows the change of temperature and a barometer which measures atmospheric pressure so, too, a series of index numbers of cost of living will naturally show the changes in the cost of living in which fluctuations of the retail price level and variations of the monetary purchasing power which occur simultaneously play an important part. From the indications of cost of living index numbers, it is possible to infer the tendency toward which the economic situation changes, whether it is upward or downward. As a common basis to justify the difference in the rates of wages, the indication of index numbers is the standard-reference base upon which strikes or labour disputes can be arbitrated reasonably. Attention, therefore, should be paid to the factors briefly dealt with in the following paragraphs if an index number of cost of living in Hongkong is to be compiled.

Owing to its importance, the cost of living index should be carefully prepared by competent and experienced statisticians with a view to making it as accurate as possible. An inaccurate index is not only useless but also results in unjust decision. It is an ideal suggestion that its compilation should be made under the joint control of the local labour and social welfare authorities and some civil organizations, as an index number of cost of living so compiled will be commonly acceptable as legal evidence to justify the difference in rates of wages of parties concerned in a strike, labour dispute, or in difference of opinions on the rates of payments for the white-collar class; otherwise there would be disagreement and lack of confidence in an index prepared unilaterally. Furthermore, the work of compilation as suggested should be carried out smoothly in a spirit of mutual understanding and co-operation.

For the purpose of easier comparison, it is necessary to select the families of normal size—those consisting of four to six members, with income around HK\$300 to HK\$350 per month. The budgets of standard families should be the objects for survey—irrespective of whether such families belong to the working or the white-collar class with the lowest income. We assume that such standard families locate at the lowest level of the community and enjoy a minimum material living just beneath the bourgeoisie and above that of the desperate group.

The information obtained from the budgets should be based on the monthly records derived from the daily entries found in journals, assigned to the standard families selected for the purpose. The journal form to be used for survey should be designed in Chinese type in order to facilitate

CENTENARY OF KESWICK FAMILY IN FAR EAST

Last week Mr. and Mrs. John Keswick were "at Home" to their friends at the Hongkong Club celebrating the Centenary of the Keswick family in the Far East—in Hongkong and in China. They were joined by Mr. W. J. Keswick from London, and by his young son, Henry Keswick. At the same time Mr. and Mrs. John Keswick were saying good-bye

easy and convenient entry as most residents in the Colony are Chinese, especially those in the lowest income bracket.

The household budgets in the United Kingdom consist of items of food, rent, clothing, fuel & light, miscellaneous, while those in the United States cover more items specified as "furniture, etc." Both the index numbers of the cost of living of Shanghai, compiled under the joint auspices of the Committee of Customs Tariff of the Ministry of Finance and the Peiping Social Institute during 1927, and of Nanning, prepared by Statistical Bureau of Kwangsi, were based upon surveyed household budgets which consisted of similar items classified as food, clothing, rent, fuel, and miscellaneous. As far as the writer knows, items pertaining to luxury such as amusements, cars, travelling expenses, cosmetics, holidays, sports, hobbies, subscriptions, gifts, etc. are never included on such budgets.

Ninety-five percent of the members of the public do not like the habit of keeping records of their own daily expenditures and prefer not to do this irksome job. Therefore, no experienced statistician can expect too much from survey forms sent for completion and return by householders direct. To assure a good result of work attempted, surveyors would be wise to hire junior qualified bookkeepers to assist the selected householders in making their daily entries in the journals or making entries on the part of the informants.

As described in the British Ministry of Labour Gazette, October, 1937, the cost of living of the United Kingdom has been compiled on the basis derived from the budgets of 13,700 householders. In the United States, the budgets of the working class have been collected on a more elaborate scale. The basis of the existing quarterly computation is a collection of 8,531 returns by families made from 1917 to 1919. It would be impossible to attain a representative result, if the number of families to be surveyed here is too small.

Since most budgets would include an important item of clothing, the accounts should spread over a period of a half year. On account of this, the information in respect of a short period cannot assure accuracy nor dependability. Further, particular attention should be paid in choosing the period covered by the enquiry, especially if the period is a short one, in order to avoid the chance of a bias. It is obvious in Hongkong that people have to spend more money on clothing when winter draws near during the ninth lunar month approximately equivalent to November. It is largely a matter of coincidence that November was chosen at random as the period for survey by a private organisation here seeking to find a cost of living standard.

Since every computation of the cost of living is based upon retail prices covering the same items which appear on the budgets of the standard families, a survey of retail prices should be successively made from time to time in order to complete the compilation of the index numbers of the cost of living.

to their many friends, as they leave Hongkong at the end of the month and will then live in London, where Mr. Keswick will join Matheson & Co., Ltd. He will visit Hongkong from time to time.

The Keswick family have had practically continuous and direct association with the Far East ever since Mr. William Keswick came out in 1855. His grandmother was a sister of Dr. William Jardine, the founder of the firm. After spending a few years in Japan, Mr. William Keswick became a partner in the firm in 1862. Before he left in 1886 to take control of Matheson & Co. in London, Mr. James Johnstone Keswick, a brother of William, had arrived on the scene. He came out in 1870 and remained for 26 years, mostly in Hongkong. Like his brother, he was a Member of the Legislative Council and of the Chamber of Commerce.

A third brother was at the same time impressing his striking personality on Calcutta, where he was the leading British citizen of his time and headed Jardine, Skinner's. Mr. Henry Keswick was the next member of the hierarchy to come out East. He was the son of William Keswick and he appeared the year before his uncle James left in 1896. He spent two or three years in the New York office of Jardine's before he arrived here in 1895. Then came the members of the family with whom the past and present generations of Hongkong and Shanghai are most familiar—Mr. W. J. "Tony" Keswick and Mr. John Keswick, who are the sons of Henry and therefore the grandsons of the pioneer William Keswick. Young Henry, the great-grandson of William and the son of Tony Keswick, expects to carry on the great tradition. He is now 17 and is expected to join the firm in about five years' time.

The first gap in this long line of continuous association occurred when Mr. Henry Keswick went Home to represent Hongkong at the Coronation of King George V. He paid a return visit to Hongkong and the East in his yacht "Cutty Sark" in 1922, and remained a Director of the Firm of Jardines until 1924. His son, widely known as "Tony," arrived in 1926, to be followed in 1929 by his brother, John Keswick. All remained Directors of the firm after they had left the Far East, and they represent an aggregate of 175 years. William the Pioneer scored 57, James 32, Henry 29, Tony is not out 30, and John the Younger is not out 27. Their total score is almost as remarkable as members of the Legislative and Executive Councils here, and of the Council of the International Settlement in Shanghai. William, Henry, and W. J. Keswick were all Chairmen of the Shanghai Municipal Council, and it will be remembered by many that the last-named was Chairman during the crises before the Pacific War. He was shot in the arm for his trouble at a big Municipal Election Meeting held on the Shanghai Racecourse in 1941. All three, and Mr. John Keswick, were Chairmen of the Shanghai Chamber of Commerce at different times.

The Hon. William Keswick's three long spells on the Legislative and Executive Councils covered the years between 1868 and 1887, with two gaps totalling seven years. The Hon. James J. Keswick's spell bridged the years from 1890 to 1900 in five spells and only one large gap of four years after 1895. The Hon. Henry Keswick served between 1907 and 1911, and the Hon. John Keswick became a member of the Executive Council in 1952 and is still serving. Incidentally, when William and Henry Keswick re-

REPORTS FROM CHINA

Sino-German Agreement

Just before the end of last year China and East Germany signed a treaty of friendship and cooperation in Peking. Also signed were an agreement on cultural cooperation and another agreement on cooperation in the examination, prevention and control of plant diseases and insect pests. A joint statement was published emphasizing that all states conforming to the condition laid down in the UN Charter should be admitted as member states; that peace should be restored in Indochina and in Korea; that Goa should be returned to India and West Iran to Indonesia; that the N.A.T.O., the West-European Union, the Manila treaty and the Baghdad pact endanger the security of the countries in Europe, Asia and Africa; and that peace in Asia and Europe is indivisible. The German Prime Minister, Otto Grotewohl, said in his speech after the signing of the agreements that the United States could not forever utilise its "puppet Chiang Kai-shek clique" and that Peking could not be deprived indefinitely of its rightful place in the United Nations. He also declared that the recovery of Taiwan by China and the ending of colonialism in Asia had become inevitable.

Conditions in Shanghai

Shanghai's private industrial and commercial enterprises will be turned into state-private ones within two years. This was the resolution adopted at the recent session of the Shanghai People's Congress. The resolution stipulates that during the same period, small traders and pedlars will join cooperatives or become sales agents for state enterprises. According to the Director of Light Industry, Shanghai has more than 26,000 private industrial enterprises with 400,000 workers. Their total production value in 1955 was about 3,000 million yuan. Under the initial plan, more than 80 percent of these enterprises will become state-privately operated in 1956 and in 1957 the number will be over 90

turned to the United Kingdom they were both Members of Parliament, where they cared for Far Eastern interests.

Mr. W. J. Keswick was in charge of the Shanghai office (at that time the Head Office in the Far East) from 1935 until 1941. After the war he took over as Managing Director of Matheson & Co., Ltd., in London. Amongst his other business activities, he is Governor of the Hudson Bay Company, Director of the Bank of England, Vice-Chairman of the Alliance Assurance Co., Ltd., and a Director of British Petroleum.

As Taipans of Jardine, Matheson & Co., all these members of the Keswick family have been closely associated with the Hongkong and Shanghai Banking Corporation, the Indo-China Steam Navigation Co., Ltd., the Canton Insurance Office Ltd., (now the Lombard Insurance Co.), the Hongkong & Kowloon Wharf and Godown Co., Ltd., the Star Ferry Co., Ltd., the Hongkong Tramway Co., Ltd., the Hongkong Land Investment and Agency Co., Ltd., and the Hongkong and Whampoa Dock Co., Ltd. Their names as Chairman of these Companies appear many times from the earliest days of these fine enterprises.

To mark the occasion of the Keswick Centenary, Jardine, Matheson & Co., the Keswick family, and some close friends have subscribed to a Fund which they have asked the Government to accept as a contribution towards the building of an Assembly Hall for the new Technical College.

per cent. The Chairman of the Shanghai Trade Union Council said that the trade unions would intensify their efforts to promote the socialist transformation of industry and commerce. The Director of the United Frontwork Department of the Shanghai City Committee of the Chinese Communist Party stressed the education of private industrialists and merchants. Jung Yi Jen, one of China's biggest private cotton and flour mill owners, said that he would use his profits to support national construction through reinvestment or purchase of public bonds.

Foreign Trade

The export of Chinese fountain pens to Southeast Asia increased from 3,400 dozen in 1954 to 500,000 dozen last year. Export of pens and other writing materials in 1956 will be maintained at roughly the same level as last year. More varieties will be offered and their quality improved.

A Sino-Soviet protocol on trade in 1956 was signed in Moscow last December. The protocol provides that in 1956, the Soviet Union will deliver to China metal-cutting machine tools, hammers and presses, steam boilers, diesel engines, hoisting equipment for mines, drilling machine and installations, road-building machinery, pumps, compressors, instruments, motor vehicles, agricultural machinery and other equipment as well as oil products, ferrous metal, cables, etc. China will export mineral ores, cement, tin, mercury, antimony, wool, raw silk, jute, ramie, silk and woollen fabrics, soya beans, tobacco, bristle, groundnuts, foodstuffs, meat, tea, fruits, tung oil, animal fat, vegetable oils, table salt, hides, leather products and handicrafts.

Power Output

The first Chinese-made turbine generator of the new hydroelectric station at the Kwanting Reservoir on the Yungting River started production just before the end of last year. This station supplies the needs of Peking, Tientsin, Tangshan and Kalgan in North China three months ahead of schedule. When all generators at the station go into operation, the station will supply 12 per cent more electricity to these cities. Construction of the station began last June. It is located at the Kwanting Reservoir with its storage capacity of more than 2,300 million cubic metres of water. This is the first large hydroelectric station designed and built by Chinese specialists with the help of Soviet experts and equipped with Chinese-made equipment. A high-voltage power transmission line more than 100 kilometres in length has been completed between Taiyuan and Yangchuan. The line will carry electricity from the new power plant in Taiyuan for the factories and coal mines in Yangchuan. This project is a major power industry item under the first five-year plan. The high-tension power transmission line between Chungking and Changchow in Szechwan was completed last December. The line is a major project of the electric power industry under the first five-year plan. Before completion it started partial transmission of power to Changchow to help the construction of a new hydroelectric station on the Lungki River, a tributary of the Yangtze. As soon as this station is completed, electric current will be sent in the opposite direction and Chungking's industries will receive more than double the present electricity supply. Work on the line began in July this year.

The Machine-Building Industry

Work will begin or continue on 94 machine-building projects in 1956. These projects will include factories for the manufacture of tractors, combine harvesters, motor cars, locomotives, passenger cars, railway wagons and steamers. They will also include factories making electric power generating equipment, oil drilling and refining equipment, mining and metallurgical equipment, machine tools and electric instruments. The No. 1 Motor Car Plant and the Shenyang Electric Wire and Cable Factory and ten other factories will be ready for production in 1956. Some construction projects previously scheduled to be built or reconstructed in or after 1957 will be started this year. The remodelled Shenyang No. 1 Machine Tool Plant started production last December. Its production processes have been streamlined. The foundry is entirely mechanised. It will also start the trial production of new machine tools. Four-fifths of the new equipment and machinery of the plant were from Russia, Czechoslovakia and East Germany.

New Factories

Three new sugar refineries in Kwangtung, built and equipped with Chinese-made equipment, started production recently. Trial operation also begun at three other new refineries. These six refineries will add more than 20,000 tons of sugar to the province's annual output. In Shanghai, a new rice mill started production before the end of last year. This is a joint enterprise which combines one big flour mill and eight small rice mills. In full operation, it can turn out 400 tons of rice a day. The state invested some 90,000 yuan to improve the equipment and machinery. Some of the old flour-milling machines will be transferred to wheat-growing centres where new flour mills are being set up.

Industrial Products

The People's Daily in Peking recently called on all industrial departments to manufacture more new products in 1956. 499 categories of new products in iron and steel, non-ferrous metals, basic chemistry and building materials were made in China in 1954 and the first three quarters of 1955. About 50 per cent of the machinery now installed in various factories throughout China are home-made. The total value of China's heavy industrial production in 1956 will reach 99 per cent of the target for 1957. The First Ministry of Machine-Building plans to fulfil its five-year plan production target ahead of schedule. The total value of industrial output of the ministry in 1956 will be 24 per cent above the original target. 1956's output of the major products of the ministry, including water-tube boilers, steam turbines, generators, metal-cutting machines, diesel engines, electric motors, mining equipment, locomotives and rolling stock, will reach or exceed the target for 1957. Taking 1955 output as 100, the production of water-tube boilers in 1956 will be 198; steam turbines, 600; generators, 260; metal-cutting machines, 192; double-bladed wheel ploughs, 189; tractor-drawn five blades ploughs, 900 and locomotives, more than 200. State collieries throughout the country overfulfilled last year's production target by 1,300,000 tons of coal. Total coal output in 1956 will amount to over 96 per cent of the original target set for 1957. Output by the Fushun Coal Mines in 1956 will exceed the first five-year plan level. The 1956 plan gives priority to the production of coking coal as well as coal for general industrial purposes. Output of anthracite in 1956 will be over one million tons more than the original plan for 1957. In Shenyang, trial production of more than 260 new products was carried out successfully last year at 25 factories. Among these are high-efficiency and precision metal-cutting machine tools, pneumatic tools, transformers, ventilators, sowers and uni-

versal fodder crushers. Some of the new products are now being supplied to the No. 1 Motor Car Plant, the Anshan Iron and Steel Company, and the hydroelectric power station at the Kwantung Reservoir. The oil refinery of the Yumen Oil Field overfulfilled its production target last year. Drilling of new oil wells, increase of new equipment, and adoption of advanced Soviet methods contributed to the rise in output. Seven factories in Shanghai plan to complete their production quotas for the first five-year plan in four years. The Shanghai Steam Turbine Plant turned out three extra 6,000-kilowatt steam turbine generators, about a dozen 300 horse power diesel engines and 1,600 tons of steel above 1955's targets. The Shanghai Machine Tool Plant fulfilled last year's production plan 23 days ahead of time. Among other Shanghai factories which aim to fulfil their targets for the first five-year plan during next year are plants producing boilers, steel, mining machinery, textile machinery and rubber products.

Natural Resources

A lake abounding in natural borax was discovered in the northern part of Tibet last December. According to an initial estimate, the 100-square kilometre lake contains 10 million tons of crude borax. 80 kilogrammes of industrial borax can be extracted from 100 kilogrammes of the crude borax of this lake. Geological prospecting target prescribed under the first five-year plan is expected to be fulfilled ahead of schedule. The total volume of work in the revised prospecting target for 1956 is 30 per cent higher than the original plan. Under the new plan the targets set for the first 5-year plan will be fulfilled by the end of this year.

Joint State-Private Enterprises

In Peking, 126 private factories employing ten or more workers each became joint state-private enterprises last year. Together with the 29 factories which had become joint enterprises before 1955, they account for over 40 per cent of the value of production of all private industrial concerns employing ten or more workers each in the capital. All capitalists who previously held positions in their own firms were given jobs corresponding to their former position or appropriate to their ability. Sixty-six such owners of flour, dyeing and electrical appliances workshops were made directors, vice-directors, section chiefs, technicians or other functionaries. They draw salaries in addition to dividends. A new feature in the socialist transformation of private industry last year was that whole trades were re-organized into state capitalism en bloc. This made possible the merger of factories and the pooling of resources. All the former private flour mills are now under a single general management, their production plans co-ordinated and capital funds pooled. Fifteen electrical appliances plants are being merged into six factories, each specialising in either transformers, switches, meters, insulating materials or ventilators. Costs in the flour mills, which had suffered losses for a long time, were down by ten per cent last November, the first month under joint ownership. There are still 1,500 private factories and works in Peking employing ten or more workers each. It is estimated that by 1957, all private workshops will become joint concerns. Private workshops employing less than ten workers will be organized into producer co-operatives.

More than 3,000 private silk, dyeing and knitwear mills in Shanghai will become joint state-private enterprises this year. All private cotton and woollen textile mills in Shanghai came under joint ownership last year. All private cotton and silk textile traders in Shanghai have been re-organized into joint owned shops. 53 shipyards and plants became joint owned enterprises at the end of last year. The state will invest 700,000 yuan this year to build new workshops

and install equipment in one of the shipyards. This yard will turn out 43 500-ton barges in 1956. The ship-building industry in Shanghai turned out 70 small tug boats and repaired some 1,000 vessels in the past six years. These joint shipyards will turn out river vessels in 1956. 150 private pharmaceutical firms in Shanghai became joint state-private firms early this year. Shanghai is turning out 100 pharmaceutical preparations including penicillin, ramifone, and sulfa drugs. In Tientsin, 158 private confectioneries were re-organized into a joint state-private confectionery company last December. Peking announced that one in three of the private traders in rural China had either joined a trading cooperative or linked in some way with a supply and marketing cooperative. According to official statistics there are 2.67 million private rural traders in China. Capitalists, and rich peasants who also ran business concerns, were comparatively few. Peking also disclosed that 80% of China's two million shop assistants had joined trade unions. The Peking Daily Worker emphasized that shop assistants in private shops played an important role in the changeover of private firms into joint enterprises.

Cooperative Movement

More than one-fourth of China's handicraftsmen have joined producer cooperatives. There are now over 70,000 such handicraft cooperatives, and their output accounts for 27 per cent of the total handicraft production. All jade and stone carving in Shanghai, all the bamboo handicrafts in Lintsing (Shantung), and all the fur curing and knitted ware handicrafts in Peking have been organized into cooperatives.

Three out of four peasant households in Anhwei have joined agricultural producer cooperatives. This is the highest proportion registered so far by any province in the southern part of China. Anhwei is an important rice and tea-producing province. While the majority of the new cooperative farm members are poor and lower middle peasants, most better-off middle peasants have also joined. In North and Northeast China most peasants are already in cooperative farms. In Heilungkiang some 80 per cent of peasant households have joined cooperatives. Over 84 per cent of the peasant households in Liaoning have joined agricultural producer cooperatives. Some of the cooperatives have already adopted a higher form of cooperation by becoming collective farms. In Liaoning 1,600,000 peasant families are organized in cooperatives and 400,000 families in collective farms. In neighboring Jehol it is expected that about 10 per cent of the peasant households there will join collective farms this year. In Taiyuan a semi-socialist agricultural cooperative became a collective farm recently. This farm is now completely socialist in nature and pays its members only according to their labour without any land dividend.

Agricultural Developments

Peking recently disclosed that China's agricultural production in 1956 will reach the target set for 1957. Total grain output in 1956 will reach 199 million tons, surpassing the planned target for 1957 by 6,200,000 tons. The total output of cotton will reach 1,775,000 tons surpassing the 1957 target by 137,500 tons. Production of leaf tobacco, tea, and silk cocoons will also reach or outstrip the planned 1957 targets. There are now 8,000 agrotechnical stations in China. Staffed by 50,000 persons, the stations give technical assistance to the peasants and help them to raise their farm output. In Liaoning 65 good strains of crops were selected from local varieties by the stations and publicised among the peasants. A selected strain of sorghum yields in general 40 per cent more than the ordinary species. 98 agrotechnical secondary schools in China are planning to

train 68,000 persons during the first five-year plan period to staff the agrotechnical stations and state farms. The trainees will specialise in farming technique, plant protection, mechanised farming, the cultivation of fruits and vegetables, livestock breeding and veterinary science. Shantung plans to set up over 1,000 new agrotechnical stations in 1956. The province, which is noted for its wheat, cotton and peanut production, has now 453 agrotechnical stations.

A new mechanised farm has been built in the Manass River basin by Communist Army units stationed in Sinkiang. The farm has some 10,000 hectares of well-irrigated farmland. Part of the land has already been sown to winter wheat. The farm plans to supply the state with 9,000 tons of grain and 2,800 tons of cotton this year. 38,000 hectares of land were brought under irrigation in Sinkiang last year by the Chinese Army with the completion of 13 water conservancy projects. The projects include two reservoirs along the Manass and Urumchi rivers and irrigation canals.

A new irrigation system was completed last year in the Huai River valley. Consisting of two trunk canals and a network of sub-canals, it waters 15,000 hectares of farmland in wheat and cotton-producing Honan and is expected to increase output by 12,500 tons of grain annually. A topographical map of the site of the future Yellow River reservoir at Sanmen Gorge has been completed. It covers a total area of 3,960 square kilometres along the middle reaches of the Yellow River. The Sanmen reservoir will be the first of the big reservoirs to be built under the Yellow River harnessing scheme for flood-control, power generation and irrigation.

Afforestation Projects

China afforested 1.2 million hectares of land last year. This acreage exceeds 1954 by four per cent. Eight provinces revised their afforestation plans to cover all the denuded mountains and river banks with green foliage in twelve years. Originally, these provinces planned to achieve this in 30 years. The eight provinces are Chekiang, Shantung, Honan, Hopei, Kwangtung, Kwangsi, Hupeh and Yunnan.

Communications

China's railway-building target for the first five-year plan will be fulfilled ahead of schedule, according to the Minister of Railways. From 1953 to 1955 about 2,600 kilometres of railways were laid. It was originally planned that 4,084 kilometres of railways would be built during the first five-year plan period; only 1,400 kilometres remain to be completed. If the Lanchow-Sinkiang Railway reaches Yumen Oil Fields one year ahead of schedule—in 1956 instead of 1957—considerably larger quantities of oil could be transported to other areas. The building of several new lines, such as the Neikiang-Kunming Line and the Szechwan-Kweichow Line, originally scheduled to be built during the second five-year plan, will be started before 1958. International through traffic service on the Tsining-Ulan Bator Railway started early this month. Passenger trains now run between Peking and Ulan Bator twice a week. Final decision has been reached on the detailed route of Fukien Province's first railway. The projected railway will link the seaport of Amoy with the national railway network at Yingtan in Kiangsi. All highways to be built and restored under the first five-year plan were completed two years ahead of schedule. The highways have a total length of 23,100 kilometres. Of the highways 10,100 kilometres were built with funds from Peking and the rest built or restored with funds from provincial governments. Most of the highways lie in remote areas where minority nationalities live. They include the two highways in Tibet, the trunk highway in Hainan Island, the Chengtu-Ahpa Highway in Szechwan

NEW RAILWAYS IN CHINA AND MONGOLIA

The opening of traffic on the Mongol and Chinese sections of the Trans-Mongolian railway, built by the Russians on the wide Russian gauge, was not unnaturally made the scene of a demonstration of amity and gratification, especially by the Mongols and the Chinese. After the ceremonial opening and the despatch of the first train to Tsining, where the railway links up with the Chinese network, the Russians formally handed over the 500-mile Mongolian section to the Ulan Bator authorities. Peking sent up a delegation to take part, headed by the Minister of Railways, Teng Tai-yuan, who arrived at Ulan Bator on December 29. Many thousands of people witnessed the despatch of the first train from the Mongolian capital to China.

Before he went up the Minister of Railways said that railway building in China generally was ahead of schedule. The railway from Lanchow into Sinkiang might reach the Yumen oilfield in 1956, a year ahead of schedule. It was expected to reach Chishui, 450 miles west of Lanchow, on December 31. A new branch line has been completed to Chefoo, linking that port with the Shantung trunk line from Tsingtao to Tsinan, and a new strategic railway is to be built in Fukien to link up Amoy with the Chinese national network at Yingtan, in Kiangsi.

A joint communique issued in Peking on January 4 by the Chinese, Outer Mongolian, and Soviet Governments on the completion of the railway from Ulan Bator to Tsining, and the start of through railway traffic, said that the agreement for the construction of the line had been signed on September 15, 1952. Questions regarding through traffic were discussed in Ulan Bator from September to October last, at a conference of railway delegates of the three countries. The linking of the railways was described by the Peking People's Daily as a great event in "China's Socialist construction." It pointed out that this "road of friendship" will strengthen co-operation of the three parties. The section from Tsining to the Chinese border through Erhlien was built in more than two years "with the direct participation" of the people of Inner Mongolia and the support of the rest of the Chinese people. The paper stated that China will be able to use this railway to transport large

quantities of industrial equipment and materials from the Soviet Union and the Soviet bloc countries at lower cost and in shorter time. The new railway will also bring prosperity to people along it. Already formerly deserted places are dotted with new townships. New highways have been built and old cities have become more prosperous. Today trains are beginning to transport agricultural and animal products from the Inner Mongolian grasslands and are bringing materials for industrial construction, farm tools and other needed goods in return.

The opening of through traffic from the Peking end was marked with ceremony at the terminus in the Chinese capital. Over 1,000 representatives from all circles in the capital, and railway workers, gathered at the station, which was decorated with the national flags of the three countries, and large-sized portraits of their leaders. The heads of the three Government delegations joined hands as the train steamed out, amid the cheers of the spectators, and headed toward Ulan Bator. As the section from Tsining is in the broad Russian gauge, presumably the passengers and freight changed trains at Tsining, though it is possible equipment has been installed to transfer the cars to Russian gauge bogies, as at Manchuli.

A new section, some 90 miles in length, of the Paokichengtu Railway was opened to traffic on New Year's Day. This section runs from Kwanguan to Lioyang, and will play an important part in the economy of the mountainous areas bordering Szechuan, Shensi and Kansu Provinces. The section passes through the Tapa Mountains and twice crosses the torrential Kialing River. There are now altogether 300 miles of the railway from Chengtu to Lioyang in Shensi open to traffic. The whole line will be 450 miles long and when completed in 1956 it will become the trunk line to link Southwest with Northwest China.

By December 10 the railway from Lanchow into Sinkiang, reached a point 600 kilometres from Lanchow. The total length of the line will be 2,000 kilometres. Track-laying will soon begin on the northern section of the 1,100 kilometre Paotow-Lanchow Railway. Work is now being carried out on about 80 kilometres of the southern section. Over half of the work on a Yellow River Railway Bridge on this line has been completed.

Work has also started on four of the sixteen branch lines which will link coal mines, oil refineries, cement factories and other industrial establishments with the two trunk railways. These 16 spurs have a total length of 100 kilometres and are to be completed in 1956.

In the Lower Yangtze region, work on the Hangchow-Yungchiang railway has reached the vicinity of the Yuyao River, not far from Ningpo. Work on this line started in 1953 from Hsiaoshan. The population is dense and the passengers numerous. The section between Hangchow and Tzuchi has already been opened for temporary passenger and freight traffic. The railway starts at Hangchow, and passes through Hsiaoshan, Shaohsing, Yuyao, Tzuchi, and ends at Ningpo. There was an old line before the new regime came to power but it was destroyed during the anti-Japanese war.

The Chinese are also directing the rehabilitation of railways in North Vietnam. Track-laying on the Hanoi-Laokay Railway was completed up to Phutho, over 90 kilometres north-west of Hanoi, by mid-December, and the first

and the Sining-Yushu Highway in Chinghai. Highways have already linked more than two-thirds of the counties in Kweichow with the provincial capital of Kweiyang. Tibet's highway network is being extended southward 40 kilometres from Phari to Yatung across the Himalayan Mountains. Phari is already linked with Lhasa by motor roads completed in the autumn last year. Yatung is located along the ancient trading route in southern Tibet. It was appointed as one of the markets for trade in the Sino-Indian Trade Agreement. The new 40-kilometre highway will link southern Tibet with the rest of China via Lhasa and facilitate trade between China and India.

The highway bridge across the Han River at Wuhan was completed by the end of last year. This bridge and the Yangtze River Bridge will link the highway network on the North of Yangtze with that on the South.

Dredging of 28 tributaries of the two largest rivers (Min Kiang and Kiulung) in Fukien was completed last year. This brought navigation to places formerly inaccessible to river transport and cut freight costs by one-third. This year Fukien plans to open up another 180 kilometres of waterways.

BUSINESS CONDITIONS IN SINGAPORE FOR THE FIRST HALF YEAR OF 1955

SINGAPORE HARBOUR BOARD

	Half year ended				Half year ended		
	30.6.55	31.12.54	30.6.54		30.6.55	31.12.54	30.6.54
Number of vessels accommodated:				Export:			
Dockyard Department	147	190	202	1/1/55-30/4/55			
Traffic Department	1,793	1,901	1,819	Dry Cargo	573,546		
Nett Registered Tonnage of vessels berthed alongside:				1/1/55-30/4/55			
Dockyard Department	296,807	359,418	346,401	Bulk Cargo	31,252		
Traffic Department	5,341,625	5,442,238	5,611,827	Export average:		913,935	899,352
Tonnage of Cargo handled (excluding Coal & Fuel Oil).				1/5/55-30/6/55			
Import:				Dry Cargo	291,553		
1/1/55-30/4/55				Export actual:			
Dry Cargo	753,815			1/5/55-30/6/55			
1/1/55-30/4/55				Bulk Cargo	17,584		
Bulk Cargo	32,792			Grand Total of tonnage handled including coal & fuel oil		2,784,708	2,673,982
Import average:		1,184,772	987,500			2,820,014	
1/5/55-30/6/55							
Dry Cargo	383,189						
Import actual:							
1/5/55-30/6/55							
Bulk Cargo	14,976						

train arriving at Phutho station, carrying railway workers, was given a welcome by the local people. This line is planned to reach Yenbai, 155 kilometres from Hanoi, around the new year. The complete line to Laokay will be over 290 kilometres. Track-laying along another line stretching from Vandien, on the Hanoi-Haiphong railway to Namdinh, was completed in October. More than 60 locomotives and over 700 waggons have been prepared for the opening to traffic of the newly-completed sections.

On December 21 the Peking People's Daily announced that final decision had been reached on the detailed route of the first railway in Fukien. It will link the seaport of Amoy with the national railway network at Yingtian in the neighbouring Kiangsi province. It is a key project under the first Five Year Plan. Designs for the construction of the entire line have also been completed, and construction work is already under way. Surveys for the most economic route through the mountainous terrain of this province began in 1953.

Meanwhile the dredging of 28 tributaries of the two largest rivers in Fukien—the Minkiang and the Kiulung—over a distance of more than 500 miles, has brought navigation to places formerly inaccessible to river transport, and cut freight costs by one-third. In the last half of 1955 over 40,000 tons of grain and local products were carried along the newly-dredged waterways.

Political obstruction prevented for many years the linking up of the port of Chefoo with the trunk railway between Tsinan and Tsingtao. This has now been rectified, and Peking announced early in the new year that a new railway line between Chefoo and Lantsuna Point on the Tsingtao-Tsinan Railway was opened to traffic on January 1, when the first two trains moved out simultaneously from Chefoo and Tsingtao. Construction began as long ago as September, 1953 and was completed in December, 1955. Its completion will facilitate the transport of agricultural products in this area, including fruits and the marine products of Chefoo, to other parts of the country in return for manufactured goods.

During the month of March a total of 379,394 tons of dry cargo (excluding coal and bulk liquids) was handled over the Board's wharves. This a record tonnage and revenue accruing was the highest in the history of the Board.

During the half year four more berths were fully mechanised: the programme of mechanisation has now embraced West Wharf and the North, South and East Walls of the Empire Dock. By the end of this period some 31,000 ship pallets were in use. Twenty more fork trucks were introduced: these are equally divided between battery and diesel operated vehicles and all are in the 6,000 lb. range for warehouse use. An 18,000 lb. capacity yard truck and two tractors were also added to the fleet of mechanical aids. A new diesel loco was placed in service at the end of June. New section and godown offices were completed. Large extensions to latex storage and shipping facilities (including two new installations) were carried out.

Good progress was maintained in the construction of the Queen's Dock. The main body of the dock is now approaching completion.

BANKING AND EXCHANGE

Following expansion of the currency in December 1954 the Malayan Exchange Banks Association raised its best agreed sterling T. T. rates to merchants to the "supertop;" this appellation means that the buying rate is 1/32 above the Government statutory limit. During the first five months of the half-year under review there was a steady improvement in the country's balance of payments and as the price of chief exportable commodities rose, it became apparent that further expansion of the currency, which had ceased in January, would be necessary. In the event an amount of \$12 million was put into circulation in the month of June, and since then there has been considerable additional expansion. In these circumstances it is scarcely surprising that rates remained firmly at the ultimate top of 2/4 1/32 selling, 2/4 5/32 buying, throughout the half-year.

The year opened with the interbank market at the middle rate of 2/4 3/32 and in spite of the cash scarcity very little business was put through at higher rates, the chief reason being that at 2/4 1/8 banks can obtain cash from the Treasury.

In England, Bank Rate rose from 3% to 3½% on January 27th 1955 and to 4½% on February 24th. The rise in discounts in London incidental to these changes forced the Association to raise its rates for the purchase of usance bills on several occasions, especially in the second quarter of the year.

The whole amount of money in circulation on January 1st 1955 was \$778,958,620 and following the expansion referred to above the figure on June 30th was given as \$790,918,412.

The London/New York cross-rate on January 1st was 278½ and remained steady until February 10th when it dropped to 278¼, the lowest point reached in the half-year. At this level sterling undoubtedly received support from the Authorities but after the raising of Bank Rate from 3½ to 4½ on February 24th the rate gradually improved, reaching parity on May 4th. However, following seasonal pressure, strikes in England and persistent rumours of changes in the official limits, sterling again weakened and at the end of the half-year it had fallen to 278 1/2. The Canadian dollar which at the beginning of the year was 269 closed at 274 7/16.

Transferable sterling was at a discount of 2½% in January and weakened to over 3% discount in the middle of February but when the Bank of England announced on February 24th that it would henceforth intervene to support transferable sterling, this category rose sharply and since then the discount has been for the most part slightly under 1%.

On March 7th 1955 following the rise in Bank Rate to 4½% the Malayan Exchange Banks Association's agreed minimum rates of interest for dollar advances were raised in certain categories and since then have been as follows:—

Advances against Government and/or Municipal Securities	5 %
Clean Advances	5 %
Advances against Commodities	5 %
Advances against Stocks and Shares	6 %
Advances against Property	6½%

Banking Statistics show the following outstandings, Pan-Malayan, at June 30th 1955:—

JUNE, 1955		Percentage increase or decrease over 31.12.1954	
Cash	\$ 55,997,000	—	38.36%
Loans and Advances	\$561,283,000	+	14.44%
Demand Deposits	\$898,348,000	+	2.38%
Fixed Deposits	\$199,684,000	+	29.42%

TIN

The period opened with tin at £698 per ton in London and \$344.25 per picul ex Works in Singapore. The average price for January, 1955 was \$341.36 per picul but thereafter there was remarkable steadiness in the average price for the ensuing months. The price moving within narrow limits. The highest price of the period of \$364.75 per picul was recorded on 17th June, 1955.

The highest Sterling price per ton was £729. 0. 0 on 16/6/55. The lowest Sterling price per ton was £682. 0. 0 on 11/1/55. The average Sterling price per ton was £713. 7. 2. The highest Malayan Dollar price per picul was \$364.75 on 17/6/55. The lowest Malayan Dollar price per picul was \$335.37½ on 7/1/55. The average Malayan Dollar price per picul was \$354.12½.

Tin and Tin-in-Ore exported from the Federation of Malaya showed a decrease of 1,160 tons on the figure for the previous six months:—

		Pcls.	Tons
January/June	1953	470,744	28,020
July/December	1953	481,181	28,642
January/June	1954	497,294	29,601
July/December	1954	524,665	31,230
January/June	1955	505,183	30,070

Imports of Tin and Tin-in-Ore from Other Sources

	Jan./June		July/Dec.		Jan./June	
	1953	1953	1954	1954	1955	1955
	TONS	TONS	TONS	TONS	TONS	TONS
Burma	392	552	367	526	376	
Siam	2,387	2,766	3,903	3,760	3,608	
Elsewhere ..	129	102	63	63	63	
	2,908	3,420	4,333	4,349	4,047	

Exports of Metal from Singapore and Penang

DESTINATION	Jan./June		July/Dec.		Jan./June	
	1954	1954	1954	1954	1955	1955
	TONS	TONS	TONS	TONS	TONS	TONS
United Kingdom	1,370	3,395	1,818			
U.S.A.	20,814	19,715	21,189			
Continent of Europe	4,881	5,878	4,262			
Canada	415	345	510			
Australasia	529	403	408			
Japan	2,133	1,590	2,006			
Pacific	215	296	203			
India	2,387	1,867	1,955			
South America	1,239	2,134	2,099			
Africa	251	216	207			
Middle East	116	144	151			
	34,350	35,983	35,108			

RUBBER

The sudden advance made at the end of last year gave the market a flying start to one dollar on the first trading day of this year. Optimism was rife and as the market started to consolidate at this level genuine trade buying absorbed all offerings on setbacks. Political tension in the Formosa area was a large factor in the continued high price and daily fluctuations became narrower.

Early in February the market was more susceptible to political influences but despite some bearish propaganda on the part of operators regarding American stockpile policy the price continued to advance and offtake was good. The official announcement of the change in stockpile rotation policy took the market unawares and the effect was immediate and cataclysmic, leaving operators somewhat shaken and cautious of taking a long view on the market for fear of burning their fingers.

During these first three months the actual movements of the rubber market was having little or no effect on the overall situation. Statistically the world markets were sound, the U.S. synthetic plant sales ratified by Congress although increasing their output did not immediately overtake the synthetic consumption. On top of all this unbeknownst to many, Russia had started large scale buying in London and on the continent for June and July shipment whilst exports of latex continued to climb. The markets remained quiet with good enquiry from most consuming centres and any setback was met by solid trade support, this covering and the steadily increasing premium on current month R.M.A.1. R.S.S. shipments, with the tendency to widen the differentials on lower sheet, was on reflection an early indication of a coming shortage which might have been foreseen.

With Singapore's first elections and the installation of a new Government came severe labour trouble which in its wake brought short covering by all sections of the trade and consequently a steep rise in price. This rise was encouraged by the 'follow my leader' tactics of the terminal markets who were obviously keen to buy most grades that were offered to them, and were reported to be existing on a hand to mouth basis.

In the last fortnight of the half year the easing of labour tension would, it was thought, bring narrower fluctuations and less inclination to buy in London and New York; however as is so often the case the reaction of the earlier Russian buying hit the market when a large Singapore dealer indicated his inability to meet his June shipping commitments, most of which had already been sold to U.S.S.R. The result was that the half year closed with a sudden demand for July delivery one sheet which reached 4-5/8 cents premium.

A Quality and Packing Conference was held in New York in May to which Malaya sent delegates. One of the problems discussed was that of shipping baled rubber, which always seemed to suffer, either as a result of shipping or packing, by becoming misshapen in transit. Test shipments are to be made to try and locate the root of the trouble and it is to be hoped that a satisfactory solution can be found to this problem, since the added expense in destination handling charges are high.

The Singapore Malayan Milling industry is at present in the doldrums since there is a shortage of supplies and also labour troubles. With the present state of the Indonesian economy the Government has forbidden export of millable rubber until the country's own needs have been satisfied, and furthermore the ever present fear of the devaluation of the rupiah has made exporters reluctant to sell rubber to Malaya if it could be avoided. The result of this has been that 25% of Singapore's mills are now closed and it seems unlikely that these will be reopened in the near future.

From the point of view of the consumer there is no shortage of remills and browns although certain high quality grades are scarce. With the continued rise in price of marketable natural rubber, Indonesian production will probably increase and with the removal of the inducement to sell to the U.S. more rubber will certainly find its way here, in its milled form.

During this period there have been two changes in export regulations from Indonesian one up and one down both of which seem to have had little effect on the exports from their country.

Exports to nearly all consuming centres has increased during the half year and America for the first time since 1951 has been our best customer. The original estimate that her imports would be less than in 1954 have not been confirmed by figures. U.S.A. imports from Malaya were about 102,400 tons during the first six months, an increase of some 4,600 tons. In addition to this all other centres, with the exception of Holland and Australia, have increased their demands. Total U.S. consumption during the period is reported as 330,496 tons natural and 440,901 tons synthetic giving a percentage of 42.84%. This percentage is better than had been forecast though it is still on the decline and may well reach the gloomy prediction of 33% if the synthetic price remains so low. One of the largest factors in consumption figures has been the immense stepping up of American production of Automobiles and the rapid expansion of European factories.

The anticipated increase in production has been realised in part with Malayan production up 15% and the highest since 1951. This increase is due almost entirely to the output of smallholders and it seems probable that Indonesia also will have increased her production due to the large percentage of smallholders there and the current high price.

Despite these increases, world stocks have dropped from last December's very high figures to a level more in line with the average of the past ten years. And it is to be hoped that part of the reason for this drop is that some of the consumers have built up small reserves to offset the hold ups in the supply lines which are now occurring with such monotonous regularity, and are no longer living on a hand to mouth basis.

Sound as the statistical position is we would advise caution at these levels. The disparity in price between synthetic and natural is a factor which remains and must sooner or later have some effect on the market. However we believe the first move to narrow this gap will come from synthetic manufacturers.

The following figures may be of interest:—

	Jan./June 1954 Tons	Jan./June 1955 Tons
Production	264,630	303,410
Imports	176,689	172,805
Exports	456,690	492,847
Malayan Stocks at the end of half year (+)	97,989	
Federation		54,278
Singapore Jan./March		(a) 45,272 (b) 45,272

Notes:—

(+) Read Federation and Singapore.

(a) Excludes foreign transhipment of 3,980 tons.

(b) Figures for April/June are not available due to strike at port.

TEXTILES

As was anticipated all import restrictions on Japanese textiles were abolished in March this year. However, the

1954 quotas had not been taken up in full and there was little reaction in the market to this latest move.

Despite the comparatively high price of rubber, the first six months of this year has seen a further steady deterioration in market conditions, and the tendency generally amongst Importers has been to drastically restrict their activities.

The wholesale trade has been very competitive indeed, and the majority of traders have found it increasingly difficult to cover their working expenses and some have even been operating at a loss. It is, therefore, not surprising that many Importers have curtailed purchases for stock.

Re-exports have continued at a low level and the local exporter makes little or no profit out of such transactions. It may be that the results of the discussions to be held later this year, between representatives of the Singapore and Indonesian Governments, will do something to resuscitate the trade but there are, as yet, no grounds for optimism. Whilst imports of Cotton goods from India have continued to decline, Japan, with her highly competitive prices and improved marketing techniques, has all the time been consolidating and strengthening her position. China, however, continues to offer stronger competition and the import figures for Cotton goods for the first six months of this year already exceed those for the whole of 1954. Due to extremely low production costs from Government subsidies, China may, in time to come, compete with Japan for the premier position in this market.

Demand for Woollens from the United Kingdom continues, but there is evidence of increasing interest in Japanese suitings due mainly to lower prices and extremely attractive qualities.

With the increase in wages in the Rubber industry, traders are hopeful of an overall increase in demand, but there are no signs, as yet, of this materialising.

For purposes of comparison, the import—export figures for the past three years are set out below:—

	Cotton Piece Goods Details of Imports		
	1953 sq. yds.	1954 sq. yds.	1955 (to June) sq. yds.
India	69,985,931	51,530,280	20,657,073.0
Japan	34,628,944	52,426,666	22,464,977.6
U.K.	31,673,528	13,329,546	2,754,561.6
U.S.A.	2,193,295	2,894,860	1,244,403.2
Netherlands	4,706,825	1,666,970	208,980.1
Poland	4,976,463	1,238,232	31,757.9
China	500,000	2,000,000	3,743,836.8
Hongkong	4,175,893	3,747,845	2,025,654.2
Hungary	7,205,583	2,647,611	116,632.6
Czechoslovakia	4,911,109	1,549,776	609,040.0
Others	—	—	311,861.9

TOTAL 1955

Imports:—54,168,778.9 sq. yards.

Exports:—28,601,508.0 sq. yards.

BUILDING MATERIALS

With the continued programme of Government building of schools and hospitals, together with the local authorities' schemes for providing cheap housing, there has been a high level of building activity resulting in increased sales of building materials during the half year under review.

There have, however, been setbacks due to the United Kingdom Dock Strike in November, the local political situation and the resultant strikes, but sales in general of building materials continued at a high level.

At one period, the United Kingdom Dock Strike made British cement in short supply, but this was more than offset by substantial increases of imports of cement from Denmark and Japan. Japanese imports of cement are proving very serious competition to the sales of British cement. Last year's report, which stated that the removal of quota restrictions on Japanese cement was unlikely to affect the Colony's cement trade as a whole, was underestimated. Direct shipments from Japan to the Borneo Coast have practically

eliminated the possibility of selling United Kingdom cement on these markets.

The price of paint remains reasonably steady, but of late has increased, due to higher manufacturing costs.

In the latter part of 1954 there was a great shortage of steel, which resulted in heavy purchases from Japan, and the market was faced with large stocks for the first half of this year. Many firms were forced to sell out their overstocked steel position at a loss. As far as the contracting side is concerned it is now very competitive and, in the face of increased building costs, profit margins on many of the larger projects are cut very fine. A number of failures amongst the Contractors, involving appreciable sums of money, have resulted, and it would seem that current credit terms to Contractors need closer control.

Competition from Japan and Continental sources is now very keen and their goods are competitively priced and available on short delivery. Competition remains keen in all supplies of building materials and profit margins have been reduced very considerably.

ENGINEERING SUPPLIES

Sales of Engineering supplies were satisfactory for the first three months of this year, with the price of rubber remaining firm. Purchases of capital equipment also were steady, but mainly centred on Contractors' plant and allied equipment.

Following the Singapore Elections in April, the Colony was caught up in a wave of labour unrest culminating in open defiance by certain labour sections, followed by the riots in May. These occurrences brought a noticeable nervousness into the market, resulting in buyers being extremely hesitant. However, towards the end of the first half of this year, with the rubber price at still higher levels, business followed this upward trend, but not to the degree expected. The market has remained reasonably well stocked and the dealer trade competition has been very keen. The passing of the Replanting Bill has resulted in increased sales of tractors to estates.

PROVISIONS

Refined sugar was freely available at cheap prices from Taiwan and was imported into Singapore in quantities which caused a glut, with consequent financial loss to many dealers.

Less interest was evinced in U.K. and Continental Sugars after Underwriters generally decided that sweat-damage could not be accepted as an insurable risk.

Imports of Hongkong refined sugar continued at a fairly constant level.

There was not much demand for Australian Raws, largely because of the availability of Indian jaggery at cheap prices.

The prices of Australian and Canadian flour were fairly steady throughout the period. Towards the end of March, freight rates on flour from Australia were increased by £1 per ton. Just prior to the increase there was a rush of forward bookings which gave rise later on to an heavily overstocked market. There was virtually no entrepot trade until the end of June when several small shipments were made to Indochina.

Flour milled in Hongkong from both Australian and Canadian wheat made its first appearance in Singapore. So far, only trial shipments have been received.

Canned provisions and quick-frozen foods were in plentiful supply. The demand for the latter appears to be growing steadily.

Australia, Holland and Britain were the main suppliers of sweetened condensed milk for this market. Between March and June there were not inconsiderable arrivals of ex-Ministry of Food Stocks. The milk, which was in reasonable condition, was sold off cheaply. This caused a certain amount of upset and uncertainty and led to a general reduction in selling prices.

Importations of canned fish from South Africa, U.S.A., Japan and Holland continued at a reasonably high rate and the market became overstocked, a situation aggravated by the fact that there was little re-export to Indonesia.

An interesting development was the arrival of canned meats, vegetables, fruits and jams from China.

FRESH FRUIT AND VEGETABLES

Trading conditions continue to be difficult with re-export opportunities reduced by Government restrictions in neighbouring countries, over-supply being a feature in most lines other than Australian apples which, for the first time, were regulated by a panel of the main importers.

Plums. The market was soon over-supplied with good quality fruit from both Australia and South Africa and dealers could not recover the higher cost of the Australian fruit.

Apples. The year opened with plentiful supplies coming forward from Canada but these cut out in February and the new season's Australian crop arrived in March on a bare market. Supplies soon exceeded demand and were thereafter regulated, resulting in a stable market at normal prices. Unprecedented weather conditions in Australia, however, has seriously reduced availability from all centres and supplies have cut out early. The Tasmanian red varieties have been scarce throughout.

Pears. Increased quantities were drawn from Australia and supplies were not regulated but they could not compete in price with the South African supplies, which kept the market price below the Australian cost. The market for Japanese pears was consistently well supplied throughout the half year.

Oranges. At the beginning of the year supplies were being drawn from all sources and exceptionally large consignments arrived from China at prices lower than usual. Even so, as the market was over-supplied, the fruit sold below cost. In consequence, the demand for Spanish fruit was not so high but, attracted by a lower price from the Middle East, heavy consignments came forward in excess of requirements, and the market did not clear until June when the usual supplies from South Africa were well received. Pacific Coast shipping companies have not yielded to pressure to reduce the freight from California but exporters have made a concession in the price and this has resulted in larger quantities again coming forward from this source. The use of the cardboard carton (half-case) has also reduced costs and become a popular pack.

Grapes. Again there was a heavy carry-over of Spanish Almerias which jeopardised the market for the more expensive early Australian varieties. Demands from Saigon helped to clear the surplus and exceptionally good Cannonhalls from Australia initially realized a profit. Quality soon deteriorated with the unprecedented floods and very hot weather in West Australia. Much of the Ohanez crop was ruined and the remainder was of poor quality and would not hold up in store, so that dealers lost heavily. The South African white grapes, however, were up to their usual good quality and increased quantities came forward in the second quarter to remedy the dearth from Australia.

Vegetables. Good quality onions from Lebanon were well received and these were followed by a similar variety from West Australia, the standard of which was high, although some shipments suffered from the bad weather. The Bombay onions enjoyed a good demand and came forward in quantity but, with the arrival of the Egyptian first crop, prices fell sharply to below cost.

Potatoes have come forward from Europe and the Middle East in unrestricted quantities so that the market has at no time been attractive. Later heavy arrivals from China and Japan at low prices have resulted in glut conditions.

The regular supply of green and root vegetables from West Australia was upset by the unusual weather conditions and the market has taken increased quantities from Egypt and Japan.

WINES AND SPIRITS

Throughout the whole of the period there was no shortage of liquors. For the first three months trade was good. Thereafter it slackened considerably. This was undoubtedly due to the combination of riots, strikes, industrial unrest and general political uncertainty. The earning capacity of some, and the spending powers of others of the Community were affected and the Bar and Hotel trade suffered as a result. Moreover there was a general disinclination by dealers to carry large stocks.

Chinese beers and wines started to reach the market in April and were initially well received.

The month of June saw a revival, on a limited scale, of the entrepot trade with Indonesia.

PRODUCE

Tapiocas. The demand for all types of Tapioca has continued to be poor during the period under review and quantities exported were about 25% less than during the period July/December 1954. Although shipments of Seed and Pearl to Australia and New Zealand increased slightly, there has been a very considerable falling off in shipments to the United Kingdom, which nevertheless still absorbs about 50% of the total exports.

Prices remained more or less unchanged during most of this period but towards the end of May and during June an acute shortage of roots caused values to rise from \$18/- per picul to \$24.50 per picul in spite of the continued lack of demand.

Pearl Sago. Demand and prices showed some improvement during May and June owing to the higher prices ruling for Tapiocas, and total exports were slightly higher than those during the period July/December 1954.

Although shipments to the United Kingdom, the principal outlet, declined a little, exports to Australia showed an improvement.

Sago Flour. Values of this commodity appreciated slightly, not so much due to better demand than to excessive rain which delayed production here as well as in Sarawak. In addition difficulties arose with the Indonesian Customs in bringing Siak Flour over to Singapore but this problem was later solved by bringing in raw Sago instead of the finished product. Imports for the period under review are 26% lower than the previous six months and 41% lower than the corresponding period in 1954. Exports are some 32% lower than the first half of 1954 but only 6% lower than the previous six months.

Spices. During the first three months of the year White Pepper enjoyed a large premium i.e. \$70/- over Black. This encouraged production of the former with the result that this premium shrank to \$42/- by the end of June, although during the early part of the period under review both varieties were subject to pressure by bears who based their estimates on a very favourable crop from Sarawak. Values of Black were remarkably well maintained due to the steady support from the U.S.A. particularly during May and June when a short position in that market had to be squared.

White Pepper on the other hand lost over \$30/- per picul on account of the larger production and disturbances in the U.K. market caused by the dock workers strike and fraudulent manipulation of the market by certain speculators. Compared with the corresponding period of 1954 arrivals of White and Black Pepper showed an increase of 2,114 tons and 1,785 tons respectively, while exports showed an increase of 1,185 tons and 2,369 tons respectively.

Nutmegs & Mace. Statistics reveal that both arrivals and exports of Nutmegs increased by approximately 35% compared with the first half of 1954. Prices have however fluctuated violently due to reports of poor crops in Indonesia and to repeated interference by the Indonesian Customs with exports to Singapore. One of our difficulties was that Singapore was often under-quoted by Indonesian exporters who were endeavouring to increase their share of the direct business abroad.

The turnover in Mace has practically doubled that of the same period in 1954, with supplies coming chiefly from Celebes and Sumatra, while India and the Continent of Europe have been our best customers.

Copra, Coconut Oil and Oil Cakes. The export position of Copra from Indonesia shows no improvement and in an effort to obtain supplies from other sources, the Singapore Copra Association, together with the Oil Millers Association, have approached Government for an allocation of U.S. Dollars thus enabling the local trade to effect purchases of Copra from the Philippines. Government's reply is still awaited.

Dealers on the London Market are now permitted to deal freely in the cheaper priced Philippines Copra and, in consequence thereof, this market is becoming more and more neglected as the export figures for the second half of this year will undoubtedly show.

For the period under review, shipments show a small increase to 23,690 tons compared with 22,818 tons during the period July/December 1954 but register a sharp decline when compared with the Jan./June 1954 figures at 31,200 tons.

The daily price fluctuations over the past six months were relatively narrow but the trend has been, slowly but surely, to lower prices. January opened with quotations at \$31½ per picul f.o.b. and closed in June at \$27½ but the lowest price touched was \$26½ in May and the highest \$32 5/8 in January.

Shipments of Coconut Oil show a small decrease at 17,006 tons compared with 20,738 tons during July/December 1954 but record an improvement when compared with the Jan./June 1954 figure at 14,800 tons. China took 9,000 tons whilst sales to Burma fell to the low level of 1,400 tons.

Shipments of Coconut Oil in bulk show a substantial increase to 4,647 tons as against 753 tons in the preceding half-yearly period. It is, indeed, fortunate that this market has found such a welcome outlet in the form of these bulk shipments as otherwise traders and importers of Copra would have been adversely affected.

Prices naturally followed fairly closely the trend of Copra during the period and fluctuated between \$52½ per picul for secondhand drums and \$49 for bulk down to \$42 and \$39 respectively. The closing price on 30th June was \$44 for secondhand drums and \$41 for bulk.

There is no change to report in Oil Cake which continues to find a ready market locally well above true export values.

Jelutong & Guttas. Arrivals of Jelutong are 10% lower than the period Jan./June 1954, with supplies coming chiefly from Brunei, Borneo and Sumatra but demand from the U.S.A. and Britain, who remain our principal buyers, has been slack and exports are down by 37%, and prices show a decline of some 5%. Gutta Percha was scarce chiefly due to the fact that the advancing price for rubber tended to divert labour from collecting Guttas. This coupled with a slightly better demand during the latter half of the period has caused prices to harden slightly.

Shells. Arrivals continue to improve and reflect a 28% increase over the preceding six months, and exceed the corresponding period of 1954 almost twofold. Whilst imports from Indonesian sources increased and accounted for about half the total quantity received, supplies from British North Borneo also improved contributing approximately 10% to the total.

Likewise exports increased and exceeded the previous period by 75% and the corresponding period of 1954 by 33%. Principal markets in order of importance were Hongkong, Germany and the Netherlands, whilst Japan, France and Italy represent other important consuming areas. Buyers in Europe continue to devote considerable attention to this commodity, concentrating their interest on the high quality selections, whilst the Eastern Markets absorb the balance. Whilst values for the high quality selections tended to decline slightly during the period, prices for the remainder, for which there was considerable demand, gradually appreciated

and in some cases were as much as 8% above those prevailing in January, at the end of the period.

Rattans. Arrivals reflect a slight decline compared with the corresponding period in 1954, although they were slightly higher than the previous six months. Indonesia remains the principal area of supply and arrivals from that source reflect little change. Imports from British North Borneo and Sarawak continue to represent slightly less than 10% of the total.

On the other hand exports show a 17% improvement on the previous period and were at about the same level as the corresponding six months in 1954. U.K. remains the most important market for this commodity, although exports fall short of those of the previous year. Other major markets in their order of importance, were Germany, Hongkong and India. South Africa also emerged as an important buyer of Rattans and exports in this instance were more than doubled. The U.S.A. continues to absorb moderate quantities of high grade material.

Prices for all grades tended to rise during the period although they were slightly off their peak at the end of June.

Gums. The recent decline in imports from Indonesian sources was checked and the overall situation, although below the corresponding period in 1954, reflects a 10% improvement over the last six months. Approximately 44% of the total quantity imported came from British North Borneo and Sarawak.

India remains the most important market for this commodity, with the U.S.A. and U.K. next in order of importance, whilst the Continent continues to provide a most important outlet. On the other hand exports to Canada which in recent years has been an important market for Gum Damar reflect a considerable falling off. Buyers' attention continues to focus on Damar Batu descriptions and prices for some selected types of this grade reflect price movements of about 10%. Highest prices were paid at the end of January and slowly declined as the six months progressed.

Imports of Copal continue to improve, reflecting an 80% increase over the previous six months. The recent increase in demand from the U.K. diminished although the overall export situation was little changed being offset by increased shipments to other areas. The recent rise in values was reversed and prices for some selections fell as much as 14% during the period.

Timber. 1955 opened a bleak year with the consequences of major floods in Johore in December completely disrupting logging and the supply of logs to Singapore sawmills.

As a result the price of logs increased, as did the price for sawn timber, and many sawmills were hard-pressed to meet contracts. During the beginning of the year, sawmills' log pools were depressingly empty.

By about April the situation had improved considerably but there were some further troubles with the closing down of some concession areas for security purposes. The industry had no sooner readjusted itself to these difficulties when political and industrial troubles made themselves felt.

It is heartening therefore that despite all these handicaps exports of timber during the period under review were actually higher than during the second half of 1954 and 50% higher than during the first half of 1954.

Based upon the Pan-Malayan statistics issued by the Registrar of Statistics, exports to Australia during the first half of 1955 were double, and to New Zealand were treble, those during the first half of 1954, but there has been a falling off in exports to South Africa.

The quantities taken by the United Kingdom and Australia were somewhat less than during the previous six month period but these two markets were still the principal outlets, each absorbing about 25% of the total exports.

Allowing for the strikes affecting Buyers in the U.K., there appeared no great decrease in demand for Malayan timbers. The chief interest of the U.K. still remained in Keruing Wagon Planks, though there was a steady demand for Keruing for all purposes. Light Hardwoods however

ceased to be of interest when Softwoods were decontrolled in 1953 and this position is unchanged. Australia continued to be chiefly interested in Meranti and the interest of other markets seemed to have moved over a little to Light Hardwoods of named specie.

Pineapples. Production continued to expand during the period and amounted to 701,134 standard cases as compared with 547,711 cases during the corresponding period of 1954. Similarly exports increased in both volume and value, the comparative figures being as follows:—

	Standard Cases	Value
1st half 1955	696,311	\$15,772,322
1st half 1954	528,124	\$13,408,566

The U.K. remains the primary market for this commodity and absorbed approximately 88% of the total quantity exported. Demand from Germany on the other hand reflects a considerable falling off, although this was offset by an increase in sales to Middle East markets and between them these two areas absorbed approximately 7% of the total.

Disappointing news from other centres of Pineapple production forecasting smaller crops as a result of unfavourable weather led to buyers turning attention to this market at an early date with the result that practically the whole of the six months production was sold prior to its being packed. The marketing of this commodity remained in the hands of the Trade Association selling on behalf of the numerous pineapple canners and prices, in pursuance of the former organisation's policy of price stabilisation thereby encouraging confidence in overseas markets to enter into long term commitments, show little change over the period.

In the meantime expansion of areas for cultivating pineapples continues and it is hoped that a further 2,000 acres will be brought into bearing by the middle of 1956.

FOREIGN TRADE

	Imports	Exports	Total
1936	\$ 512,900,000	\$ 638,800,000	\$1,151,700,000
1937	698,500,000	705,100,000	1,603,600,000
1938	559,400,000	581,500,000	1,140,900,000
1939	628,100,000	750,200,000	1,378,300,000
1947	1,367,500,000	1,294,900,000	2,662,400,000
1948	1,785,759,000	1,724,162,000	3,509,920,000
1949	1,839,812,000	1,677,364,000	3,517,176,000
1950	2,891,133,000	3,956,937,000	6,848,070,000
1951	4,720,312,000	5,990,546,000	10,710,858,000
1952	3,873,142,000	3,918,503,000	7,791,646,000
1953	3,238,231,000	3,021,615,000	6,259,846,000
1954	3,139,354,000	3,111,500,000	6,250,854,000
Half year ended 30th June, 1955			
Singapore	1,346,987,355	1,255,695,574	2,602,682,929
Federation of Malaya	469,326,482	612,717,098	1,082,043,580
Total			
Pan Malayan	\$1,816,313,837	\$1,868,412,672	\$3,684,726,509

The Pan-Malayan trade figures for the half year show a favourable balance of \$52,000,000 compared with an adverse balance of \$50,000,000 for the same period last year. The overall trade value shows an increase of more than 25%. In the main this increase can be attributed to the much higher prices for Rubber. This increase in the price of Rubber has come very opportunely in the producing countries and reflects in the trade of Singapore. Prosperity in South East Asia at this time is more than usually desirable.

COMMENT

By the Singapore Chamber of Commerce

During the past few months markets have been buffeted and unsettled by the many new happenings in the Colony. Some of these developments may ultimately be beneficial but in most respects urgent demands and continual industrial

unrest tend to put a brake on business generally and expansion plans in particular. In the haste to march forward there appears to be a distinct tendency to disregard the experiences of the past and to discount the courage and enterprise that made Singapore what it is today.

Singapore has grown from a mud swamp to its present importance in the relatively brief period of 130 years but in practice it is today, as it always has been, a market place for storing and trading the world's goods. We have to remember that Singapore produces little of value from its soil, it has no minerals yet discovered, and it has but a meagre industrial development. The wealth of this Colony mainly steams from its geographical position in South East Asia and the very special trading services we provide. We have an important and efficiently operated harbour with up-to-date mechanical handling and transport facilities, great storage accommodation and modern docks and ship repair yards offering excellent services to local and foreign shipping. World renowned banking stands firmly behind a variegated and comprehensive trade to and from all parts of the world supported by a wealth of experience and offering first class services to our neighbours. All this makes Singapore one of the greatest ports in the world.

Our reputation for honest and able business has been built up over a century of joint effort backed by sound and co-operative Government providing economic security. At the present time we are enjoying high prosperity but it may be not always so and a time may come when we shall have to measure our cloth very carefully, and when that time comes the Merchants and Traders will again, as always, be expected to carry the great load of stocks, finance and credit risks necessary to maintain this huge market and see us through to better times.

Today, for many reasons, Singapore is in the spotlight of world interest and there is a greater appreciation of the complicated nature of our trade and value of our position. There is faith in us but there is still greater need for the continued justification of this faith lest we drive away trade which is our very life blood. There can be no room for self-satisfied reliance on historical trading rights and geographical advantages. There are alternatives to this port and any failure to compete under present conditions may well encourage the development of alternative facilities.

With a rapidly growing population and the need to increase avenues of employment it is very necessary to attract commercial interests to Singapore, and the Chief Minister, Mr. Marshall, is to be congratulated upon his progressive action in arranging goodwill and trade missions to adjacent territories. Already he has achieved signal success in Indonesia by dispelling misunderstandings and preparing the way for solid discussions on trade expansion. However, this good work may be dissipated unless we all join together in facing conditions in a practical manner.

It would seem desirable to promote the industrialisation of Singapore by secondary industries but if we are to encourage both local and foreign capital to invest in this further development of Singapore we must be able to offer good transport facilities, cheap power, economical labour and a market volume capable of sustaining the heavy outlay necessary, together with sound Government and security. In a territory where labour is still a major item in any industrialists bill labour costs are rising rapidly above competition.

The spate of industrial unrest which has developed in the past six months is most unsettling and if allowed to continue in its present loose manner, it can only be detrimental to the best interests of Singapore. The problems which have to be faced and overcome require a calm and honest atmosphere and for this purpose representations have already been made to Government to set up a joint consultative Board to whom Government (as Employers or Legislators), Commercial concerns, Manufacturers etc., and responsible Trade Unions can, if they so wish, put forward their problems for open-minded deliberation with the ultimate object of obtaining reasonable recommendations likely to be acceptable to both parties. This Chamber firmly supports

AGRICULTURAL DEVELOPMENTS IN HONGKONG AND FUTURE PROSPECTS

An extract report of the Director of Agriculture, Fisheries and Forestry (W. J. Blackie)

Part III

FARMING PROBLEMS

Fundamental farming problems are:—(1) Limitations of land area suitable for farming. (2) The need for the extension of feeder roads and additional piers. (3) Limitations of water supply for farming. (4) Agricultural credit. (5) Market gluts. (6) Food supply for animal feeding. (7) Animal diseases. (8) Soil fertility and the need for cheap fertilizers. (9) Crop pests and diseases. (10) The narrow range of farming activities.

(1) **Land limitations:** There are too many people who wish to farm and too little land. There is about 355 sq. miles of country in the New Territories comprising barren hilly land, thin grass covered steep slopes suitable for forestry and unsuitable for agriculture, swamp land, built up areas and about 50 sq. miles of farming land. In fact, of the 227,000 acres available, less than 40,000, as an upper limit, is suitable for agriculture. In the absence of reliable data from an agricultural survey it is not known with certainty how many of the New Territories families are engaged directly on agriculture. A reasonable guess would be that 20,000 families (about 100,000 people) are directly associated with farming and, on an equitable distribution, 2 acres is available to each family—which is about the suggested minimum holding. The population of the New Territories has been greatly increased by immigrant farmers and squatter settlers. It is therefore becoming increasingly difficult to extend the areas and improve the standard of living of long established New Territories farmers. The best agricultural land is already occupied and that, although some extension is possible particularly in Lantau and possibly in the Shataukok and Sai Kung peninsula areas, there are no large areas available for further settlement. The corollary to this is that we must resist indiscriminate settlement of cultivators in the New Territories on non-economic holdings. There is however some scope for pig and poultry raising on land unsuitable for farming and this method of settlement should be encouraged. Land hungry farmers will continue to terrace hill land for small rice and vegetable gardens.

(2) **Feeder Roads and Piers:** The systematic development of feeder roads and other vital communications are of first importance in improving conditions for existing farmers and in allowing the extension of agricultural activities. A key plan of road extension should be prepared according to the land utilization map and other considerations, and a programme of work be inaugurated to extend the feeder roads of the Colony.

the proposal and we hope Government will treat this as a matter of distinct urgency.

The Chamber wholeheartedly supports the aim to improve the social conditions and earning capacity of the people, but if these desires are to be achieved it will be necessary for all parties—employers, employees and Government—to work steadfastly together and to have careful thought for the effect of any further significant increases in labour costs and taxation upon the competitive nature of Singapore's commercial services and its industrial growth.

(3) **Water Supply:** During prolonged dry spells the pumps donated by the Kadoorie Agricultural Aid Association and the Kowloon Rotary Club, helped to offset the worst features of the drought. Studies made during the year in co-operation with the irrigation engineer indicate that, although the supply may be adequate in normal seasons, the requirements of army camps and the urban needs of the New Territories markedly reduce supplies during prolonged dry spells. Increasing amounts of water from the Kam Tin catchment have been directed to military needs at Sek Kong. Apart from the urban needs of the New Territories, the construction of Tai Lam Chung with 19 miles of catchwater at the 150 metre contour stretching out to the Kam Tin catchment will tap away from agriculture further supplies of vital water. With existing information it is uncertain that water supply is adequate for farming under normal rainfall. On the other hand additional supplies are needed for non-irrigated lands and land which could bear a second rice crop; and for the extension of vegetable and catch cropping following the second rice crop. The water problem in Hongkong is not divisible. Farmers and urban dwellers alike must share shortages when such occur. However, the main preoccupation has been with urban supplies while the farmer and his needs have not had planned attention. A good deal has been done by Government to improve existing irrigation systems and develop additional smaller schemes with funds from Colonial Development & Welfare sources. This work should continue as part of a general scheme directed to the improvement of water supplies for farming. Suitable schemes must also be considered for farming needs. Deep wells, small dams, sealing of leaky channel ways, etc. will play their part but run off must be held up by afforestation and excess water impounded for farming. An expert inquiry should be made of the water resources of the Colony for farming purposes with particular reference to the desirability of building impounding reservoirs. The present systems of irrigation (if they can be called systems) are wasteful and uncontrolled. Anyone who wants water creates a diversion channel and taps water off for his own purposes. In other cases earthen reservoirs are dug adjacent to channel ways and water diverted from rice to vegetable squatter areas. The overall picture is one of every man for himself. Water, particularly under conditions of critical supply, must do its full duty and give service to all. Systems must be devised with these ends in view together with some form of regional control.

(4) **Agricultural Credit:** Until very recently the only source of credit available to farmers (other than at exorbitant rates of interest) was the Vegetable Marketing Organization and Co-operative Societies. This has given excellent service to a limited group of farmers but the sums available were not large and credit was therefore limited in scope and amount. In 1953 a sum of about 4½ lakhs became available to Government under the will of the late J. E. Joseph and this sum is now being applied to a wider range of farmers' needs. Although loans may be granted from this fund to individuals, it is being applied in the first

instance mainly through co-operative societies. The rate of interest is low and does not exceed 3% per annum. A philanthropic organization sponsored by the brothers Horace and Lawrence Kadoorie and called the Kadoorie Agricultural Aid Association has given considerable assistance to farmers in the form of loans free of interest for fertilizers and animal feeding stuffs; the purchase of pigs and pigsties; land development; and insecticides, seed, medicines and vaccines. The association has also made many gifts to indigent people in its plans to establish pig units and has given Government pure bred stock and pumps to assist with water problems during dry spells and for pest control. The work of this association has been brought into line with Government policy and accordingly the Director of Agriculture has provided the association with extension services in the same way as services are provided to individual farmers. In fact, the Kadoorie aim is to help farmers to help themselves by providing them with interest free loans for plans which have the support of Government technical services. Supervision and follow-up are the concern of extension services of the Department of Agriculture, Fisheries & Forestry.

The Joseph fund and Kadoorie Agricultural Aid have provided means for the technical staffs of the Co-operative & Marketing Department and the Agricultural and Animal Industries Divisions of the Department of Agriculture, Fisheries & Forestry to develop their respective activities in the interests of farming. The activities of the Joseph fund under the Registrar of Co-operative Societies and Kadoorie Agricultural Aid, guided by technical staff of the Department of Agriculture, Fisheries & Forestry, are proceeding along parallel lines. With the formation of the Rural Development Committee it was considered desirable that this body should coordinate all activities directed to improvements in farming in the New Territories, both Government and private. The Joseph fund was brought under the guidance of the Rural Development Committee and the Kadoorie brothers have agreed to the coordination of Kadoorie Agricultural Aid work in a similar manner.

The provision of loan money at cheap interest rates for farmers in the New Territories is of first importance both for agricultural development and in raising the standard of living of these people. Without it farmers are dependent on money-lenders who charge exorbitant rates of interest. Banks or similar financial organizations are not prepared to lend money to peasant farmers who possess little as security for such loans. Government should give full support to private organizations and enterprises such as Kadoorie Agricultural Aid provided these bodies are prepared to work closely with the Rural Development Committee and along the lines of Government policy. Assistance should take the form of technical advice, direction, supervision and the provision of facilities for the issue and repayment of loan money. It would be advantageous to combine all loan facilities to farmers in one fund under the control of a statutory board which should include as Government members, the District Commissioner for the New Territories, the Director of Agriculture, Fisheries & Forestry and the Director of Marketing. Apart from technical services, Government should also make a financial contribution to the fund to enable a wider use of loan money in the interests of New Territories agricultural development. The aim should be to persuade private benevolence to assist Government in building up a fund of sufficient magnitude to deal with the problem.

(5) **Market Gluts:** Hongkong is dependent on external sources for the great bulk of its food for both humans and livestock. A great deal of fresh produce—vegetables, pigs, poultry, eggs, etc.—are obtained from the Chinese mainland. The supply varies in amount and regularity with conditions which are beyond our control. The extension of

our own agricultural activities is severely handicapped by manipulations of mainland supplies. During periods of scarcity, prices rise on the local market which encourage local farmers to expand pig and vegetable production. Subsequently prices are forced down by a flood of Chinese produce which glut the market. The competition is not reasonable and local farmers suffer heavily. During 1953 the supply of food from the mainland, either by design or in fact, was scarce at certain periods. Prices mounted rapidly and local merchants sought alternate source of supply of both human and animal foods. Following these arrangements the local market was again flooded with Chinese produce. At the present time Chinese pigs are moving into the Colony in greatly increased numbers and for the first time in many years Chinese cattle are in greater supply. The price of pork has fallen rapidly and local farmers who bought fattening stock on a high market will either have to sell at a loss or hold stock in the hope of a rise in market value. With little knowledge of the supply position in inland China it is very difficult to relate local farming to anticipated market requirements. Most other countries would tackle the position by imposing some form of control in the interests of domestic agriculture. Our farming, although important to those engaged in it, is too small in extent to permit the creation of conditions which might be disadvantageous to the more important and vital trade and business activities with which 90% of our people are concerned. Having in mind the special circumstances of Hongkong, the only way we can tackle the problem is by: (1) broadening the scope of local agriculture so that farmers will not have all their eggs in one basket; (2) producing where practicable better class early maturing vegetables and adopting farming techniques that guarantee a succession of crops rather than gluts of a particular variety; (3) improving irrigation so that more livestock food and foreign vegetables can be grown during the winter months; (4) improving loan facilities to accommodate farmers during difficult periods; and by (5) extending the co-operative movement and the scope of co-operation.

(6) **Animal Feeding Stuffs:** The progress of livestock industries in Hongkong is inseparably bound up with the steady availability of reasonably priced good quality animal feeding stuffs. We do not have the land resources to grow animal foods and are dependent on imported supplies. Again China is the main source of supply of rice bran and, although prices decline when pig and poultry prices go down, there are periods when local farmers have to face the keen competition of Chinese pigs and poultry while paying high prices for imported feeding stuffs. Merchants often suffer from a rapid decline in the price of feeding stuffs of Chinese origin if they maintain large stocks. The only way to deal with this matter is by growing more animal feeding stuffs; producing meat meal from slaughter house waste, and fish meal; and by encouraging co-operative societies in the bulk buying of animal feeding stuffs when prices are reasonable. This encouragement should take the form of loan money.

(7) to (10). These problems are of a technical nature and are discussed under Part V which deals with agricultural services.

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Part IV

ACTION TAKEN BY GOVERNMENT TO EXPAND AND IMPROVE AGRICULTURAL AND LIVESTOCK PRODUCTION

Agricultural Services: Agricultural and livestock services including personnel, stations and centres have been

provided, and organized schemes of experimental, advisory, extension and educational work have been undertaken. These services have been taken full advantage of by individual farmers, co-operative groups and the District Administration of the New Territories.

The Vegetable Marketing Organization & Co-operative Societies: The creation of the V.M.O. was a forward step in Government policy. It has built order out of chaos in the marketing of vegetable produce. Combined with the development of the co-operative movement, the V.M.O. has contrived to get the best prices possible for vegetable produce and has provided additional services to farmers in loan money and the transportation of vegetables in a fresh state from collecting centres to central markets and nightsoil from maturing centres to farming areas. The policy of Government is that the V.M.O. should be controlled ultimately by farmers through their co-operative societies.

Irrigation: Large sums of money have been made available from Colonial Development and Welfare sources for the employment of staff and the capital costs involved in the improvement of irrigation. This work has been undertaken by the Public Works Department in close co-operation with the Department and the District Administration of the New Territories. The continuation of this work by systematic planning and execution (apart from any larger undertakings for the impounding of water) will assist in the conservation and more equitable distribution of vital water supplies.

The J. E. Joseph Trust Fund: As already mentioned, loans to farmers for approved purposes and projects are now available from the Joseph Fund. Government, in accepting this generous gift, has provided the staff for its control and operation. The Registrar of Co-operative Societies has been made the trustee of the fund and he is guided in its use by the advice of the Rural Development Committee.

The Kadoorie Agricultural Aid Association: The work of this association has been referred to previously. Government has aided this private venture by making available to it certain technical services of the Department of Agriculture, Fisheries & Forestry.

The Agricultural Show: Since 1953, an agricultural and livestock show has been organized by the Department with the active assistance of an advisory committee. This annual event is very popular with the farmers of the New Territories and last year was well patronized by the urban community. Government assists with the technical staff of the department and financially. In the current Estimates a sum of \$50,000 is provided for the 1955 Agricultural Show.

The Rural Development Committee: This body has been set up recently to advise Government, and other interested bodies, upon matters relating to the general development of the New Territories and in particular to agricultural development including the operation of approved schemes for agricultural loans. Under the chairmanship of the District Commissioner for the New Territories this committee includes also as official members the Director of Agriculture, Fisheries & Forestry, Agricultural Officer, and Director of Marketing. The Committee has valuable work to perform of an advisory and coordinating nature and should exert a useful influence on the development of the agricultural and livestock industries of the Colony.

Further Action: The most important general lines for further action are: a survey of the soils of the Colony; a general agricultural survey; the continuance of irrigation improvement including impounding reservoir; planned settlement; close co-operation with private enterprises such as the Kadoorie Agricultural Aid Association; the opening up of new feeder roads and the construction of piers; and the

gradual expansion of the divisions of Agriculture and Animal Industries charged with general and specific duties.

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Part V

AGRICULTURAL SERVICES

With the appointment of a Senior Agricultural Officer and an Animal Husbandry Officer in 1948 there followed a trend towards the formation of a department. Until the department was actually formed in November 1950 with the present title of Department of Agriculture, Fisheries & Forestry, these two officers worked in close co-operation on crop and animal husbandry and disease control. Apart from the need of trained staff it was realized that land for the establishment of agricultural stations in the districts was essential. At these stations farmers could see for themselves approved methods of cropping and animal husbandry. The stations were also the headquarters of the district Agricultural Officer and from them the disease control teams operated during the campaigns of 1948 and 1949. In four years a main experiment station was established at Castle Peak (Ki Lung Wai), a pig, poultry and vegetable station at Sheung Shui and district farms at Tsun Wan, Taipo, Shatin, Sai Kung and Silver Mine Bay. The District Agricultural Officer for the Sheung Shui district was stationed on the Sheung Shui Vegetable Station. With the formation of the present department the Animal Husbandry Officer became Superintendent of the Division of Agriculture & Animal Husbandry. The work undertaken by the Division of Agriculture & Animal Husbandry is fundamentally sound and much progress in the extension and improvement of farming has resulted from its activities. One important change, namely, the creation of a new division by the transfer of veterinary staff to the Department of Agriculture, Fisheries & Forestry became operative as from 1st October, 1954.

PROPOSED ORGANIZATION OF AGRICULTURAL AND LIVESTOCK SERVICES

According to ideal standards, agricultural services (including livestock services) should be organized into two branches:— (1) extension and advisory services; (2) research or investigation services. In larger colonies, where agricultural industries are the main preoccupation, specialist officers such as agricultural chemists, entomologists, plant pathologists, veterinary pathologists, agricultural research officers, etc., are attached to departments of agriculture and organized as research groups for special problems of concern to the administration. Similarly, extension services are organized to include district agricultural and veterinary officers who are concerned with crop and livestock improvement, and the implementation by demonstration and extension of the work of the research group. In large colonies veterinary services are normally organized under a Director of Veterinary Services as a separate department. In smaller colonies, however, veterinary services are included as a separate division of the Department of Agriculture with a staff group parallel to that of agricultural services. The agricultural industries of Hongkong (although the important means of livelihood of about 250,000 people embracing the major land area) are small in comparison with trade and industry and the agricultural industries of other colonies. Accordingly, the ideal must give place to the practical and services must be organized with this object in view. Furthermore, the work of departmental staff must be directed to major issues of farming; investigational work must be confined to short term problems of immediate economic importance. When problems occur which are beyond the skill

and competence of permanent staff and are of importance to the Colony they should be referred to other research centres or dealt with by the temporary appointment of specialist staff.

As far as it is practicable, however, agricultural investigation work in Hongkong should be conducted by a separate group of officers at recognized centres. Similarly, extension work should be undertaken by a separate group stationed in strategic centres of the Colony. Also, in the special circumstance of Hongkong, district extension officers should be responsible for all farm extension and advisory work (both crop and animal husbandry) with the exception of disease control which should be the sole concern of the Senior Veterinary Officer. Extension services should work to a strict programme laid down by the agricultural officer. This programme should be in keeping with the decisions of the Policy Committee.

Agricultural Education: There are no facilities in the Colony for agricultural education either in the schools or in the University. Recruits for Government service are mainly graduates of Chinese universities, and a few recruits from overseas Commonwealth universities are appointed to the higher posts. For the farming public there are no special schools or institutes concerned with general agricultural education although a very few private welfare organizations devote some time to this matter. The Department through its extension and demonstration work, its exhibits at agricultural shows, and by organized visits to agricultural stations and lectures, does endeavour to keep farmers informed on ways and means of improving agriculture and animal husbandry. The educational value of this work is obvious but it is indirect and a new approach is essential. There are no large areas remaining to be opened up to agriculture. Moreover, the agriculture of the Colony is small and does not warrant the creation of special agricultural colleges or an agriculture faculty of the University. The Chinese farmer is capable and is prepared to adopt new methods. His son should be trained within the social group but should be given practical training in short formal courses conducted by a special team of the Department. The work already undertaken by extension services with the adult farmer should be broadened to include set short term practical courses for young farmers.

The training envisaged should be on practical lines such as:—

- (1) recognition of animal diseases and how such diseases are controlled;
- (2) feeding, breeding and management of livestock;
- (3) the care and management of working animals;
- (4) crop diseases and pests and how they are controlled;
- (5) cropping and horticultural work; and
- (6) how to mix and use fertilizers, etc.

Farming and animal husbandry should be the basic themes rather than set lectures on soil chemistry, entomology, animal genetics and the like.

Educational & Information Section (H.Q.): Farmers are keenly interested in visiting agricultural stations to see what is being done and to seek advice on a hundred and one matters. A special headquarters unit under the direct control of the Assistant Director should be formed to give well planned educational extension work and to release accurate information to farmers. It is also proposed to publish an official journal of the department dealing with agricultural, livestock, forestry and fisheries activities.

(To be Continued)

FINANCE & COMMERCE

HONGKONG EXCHANGE MARKETS

For the week of 9th to 14th January, 1956:

U.S.\$

Jan.	T.T. High	T.T. Low	Notes High	Notes Low
9	\$588½	588½	583¾	582½
10	589	588½	584½	583¾
11	589½	589	585½	584½
12	589½	588¾	585	584½
13	589	588¾	584½	584¾
14	588¾	588¾	585	584¾

D.D. rates: High 587½ Low 586½.

Trading totals: T.T. \$2,430,000; Notes in cash \$695,000 and forward \$2,540,000; D.D. \$430,000. The market was very active, but fluctuations were small. Demand from shippers for notes was strong; interest for change over was in favour of buyers and difference between rates of T.T. narrowed.

In the T.T. sector, demand was steady; funds from Korea, Japan, Indochina and the Philippines were offered freely. In the Notes market, limited local stock was insufficient to meet the demand from shippers; change over interest favoured buyers at HK\$5.21 per US\$1,000. Speculative positions averaged \$2½ million per day. In the D.D. sector, the market was quiet.

Yen: Continued with only small tradings at \$1.475 per Yen 100,000; interest for change over in forward favoured buyers at \$9.72 per Yen 100,000.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.865—1.785, Japan 0.014475—0.014375, Malaya 1.88, Indochina 0.0675—0.0671, Thailand 0.2659. Sales: Pesos 410,000, Yen 110 million, Malayan \$340,000, Piastre 8 million, Baht 5 million. Peso dropped further but the market in general was active.

Chinese Exchange: People's Bank notes remained at \$1.60 per Yuan. Taiwan Dollar notes were quoted at HK\$159—154 per thousand, and remittance at 148—145; business was very quiet.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.70—15.60, Australia 12.25, New Zealand 13.69—13.65, Egypt 15.20—15.10, South Africa 15.35—15.33, India 1.18—1.1775, Pakistan 0.915—0.89, Ceylon 0.94, Burma 0.65—0.64, Malaya 1.84—1.835, Canada 5.845—5.835, Philippines 1.9575—1.94, Macao 0.98—0.965, Switzerland 1.35, France 0.0147—0.0144, Indochina 0.074—0.071, Indonesia 0.16, Thailand 0.265—0.262.

Gold Market

Jan.	High .945	Low .945	Macao .99
9	\$254¾	254¾	Low 263¾
10	254¾	254¾	
11	254¾	254¾	
12	254¾	254¾	264¾ High
13	254½	254¾	
14	254½	254¾	

The opening and closing prices were \$254½ and 254½, and the highest and lowest 254½ and 254½. The market was very quiet. Interest for the change over favoured sellers at 14 HK cents per 10 taels of .945 fine. Tradings totalled 32,400 taels averaging 5,400 taels per day. Positions taken averaged 19,500 taels per day. Cash sales amounted to 18,360 taels (3,760 listed and 14,600 arranged). Imports were all from Macao and totalled 10,500 taels. A shipment of 28,000 fine ounces arrived in Macao via HK. Exports totalled 11,000 taels (5,000 to Singapore, 3,500 to Indonesia, 1,500 to Rangoon, 1,000 to India). Differences paid for local and Macao .99 fine were HK\$12.30—12.10 and 12.00—11.90 respectively per tael of .945 fine. Cross rates were US\$37.75—37.74, and 16,000 fine ounces were contracted at 37.75 C.I.F. Macao.

Silver Market: Market remained steady but slow. Bar silver quoted at \$6.15—6.13 per tael with 500 taels traded, \$ coins at 4.00—3.97 per coin with 1,000 coins traded, and 20 cent coins at 3.05—3.03 per 5 coins with 1,600 coins traded.

HONGKONG SHARE MARKET

Buyers adopted a cautious attitude on the local share market last week. As a result, trading during the first four days was limited to a small number of popular shares and the daily turnover was about 5 to 7 lakhs. Prices declined slightly under low buying offers. On Friday, the market was better and the turnover reached 1.3 million; prices of some items were better but on the week most quotations were lower. Hongkong Bank reported a profit of \$20.58 million for 1955 (\$19.29 million in 1954), but its shares dropped \$10 during the first half of the week; seller wanted \$1800 on Wednesday, but there was no buying response. Union Ins declined from \$1010 to \$990 on Wednesday but recovered slightly to \$992.50 on Friday. HK Wharves gained \$1 on the week; trading was quiet. Wheelocks were very popular but lost 10 cents during the week. Other shares registered active demand but lower rates were Providents, Lands, Trams, Lights, Telephones, Cements, Textiles, and Amal.

Rubbers. Rubber shares rose to \$2.075 earlier in the week on the news of the interim dividend of 10c tax free; slipped back with the continued decline in the price of the raw material in Singapore. Docks, Hotels, Yaumatis, Electrics, and Dairy Farms were also very popular.

Shares	Jan. 5	Jan. 13	Up or Down
HK Bank	1800	1780	—\$20
Union Ins	1010	992.50	—\$17.50
HK Wharf	68.50 b	69.50 s	+\$1
Wheelock	8.35	8.25	—10c
Provident	15.50	15.40	—10c
HK Dock	32.75 s	32.75	steady
Hotel	17.50	17.50 s	steady
Land	63.50	62.50	—\$1
Realty	2 s	1.975 s	—2½c
Trams	24.70	24.30	—40c
Yaumati	105	105	steady
Light (o)	22.90	22.50	—40c
Lights (n)	17.10	16.70	—40c
Electric	42.75	42.75	steady
Telephone	33.50	33.25	—25c
Cement	37.25	36.75	—50c
Dairy Farm	19.10	19.10	steady
Yangtze	6.65	6.65 b	steady
Watson	13.20	13.10	—10c
Nanyang	7.70 b	7.85 n	+15c
Textile	5.85	5.70	—15c
Amal Rubber	2.025	1.975	—5c

Monday: In quieter trading the market ruled steady with a few minor fluctuations either way. In the rubber section, Amalgamated were supported at fractionally higher levels in spite of lower advices from Singapore for the raw material. The turnover for the day amounted to approximately \$715,000. **Tuesday:** With buyers adopting a cautious attitude, prices drifted fractionally lower. Business was on a light scale with the turnover amounting to only \$680,000. **Wednesday:** Trading was slow during the half day session with Electrics, Docks and China Lights accounting for the bulk of the turnover which amounted to \$750,000. **Thursday:** The market was listless and price changes few and small. The turnover amounted to approximately \$530,000. **Friday:** Sentiment in the market was better on the closing day of the week and as a result, there was an improvement in the volume of business with rates hardening as the day progressed. Utilities led the advance and were well supported throughout the day's trading. Cements and Lands were also active on renewed enquiry. Elsewhere rates were well maintained. The turnover amounted to approximately \$1,300,000.

SINGAPORE SHARE MARKET

A four and a half day week of considerable activity heralded in the New Year. Industrials showed further rises. Tins went from firm to irregular and although Rubbers had a good turnover

there was evidence of some slackening of demand.

In the Industrial section, Wearne Bros. continued their recovery, touching \$2.97½ before settling at \$2.95 and Fraser and Neave climbed from \$1.75 to \$1.85 before closing at \$1.82½. Gammons went from \$2.50 to \$2.60 and back to \$2.57½. Malayan Breweries from \$3.40 to \$3.50 and Hammers were taken at \$2.72½. McAlisters eased from \$3.22½ and United Engineers had exchanges between \$9.60 and \$9.40. Straits Times had buyers at \$2.87½. Straits Traders at \$27.00 and Straits Steamship at \$12.85. Robinsons improved to \$2.47½. Sime Darby to \$1.99 and Singapore Cold Storage to \$1.62½. Jackson & Co. had exchanges at \$1.47½ and Metal Box were firm at \$1.65 ex 5%. A revival of interest lifted Union Insurance of Canton to \$520 and Hongkong Banks to \$940.

In the Tin section, Petalings were the chief item of news. Rumours of a lower quarterly output had precluded them from taking part in the general rise in tin shares, but on top of this, the announcement of a strike threat by 500 employees at the mine, quickly knocked the shares from \$4.27½ to \$4.15. Rantau with a temporary low production were out of favour at \$1.57½ but Sungei Ways, owing to London demand, were taken from \$3.23½ to \$3.32½.

Austral Amalgamated, having touched 19/6, came back to 18/9. Rawang Tins continued in demand with business up to 11/9. Takuapa were taken at 23/3 and Jelapang recovered to 14/3.

Ampats had exchanges at 10/-, Ayer Hitam at 22/-, Kinta Kellas at 8/- and Hongkong Tins were taken from London at 8/5½.

Rubber share transactions covered a wide spread. Teluk Anson were taken at \$1.30, and Pajam at \$1.30. Nyalas were in demand at \$1.05, Kuala Sidim

HONGKONG AND FAR EASTERN TRADE REPORTS

In the local commodity market last week there was an increase in the purchases of China produce by Japan and very lively trade activities with S.E. Asia. Korean trade would have been much improved had there been more stock to meet the demand. Taiwan maintained her buying interest in pharmaceuticals and industrial chemicals, while exports to China showed no improvement. Trade with the Philippines turned more active, and exports to Europe remained brisk.

TRADE DEVELOPMENTS

Freights: The freight rates for flour and wheat shipped from the Pacific of US and Canada to HK were revised; flour from US\$19 to \$18.50; wheat from \$15 to \$16.50 per ton. Rates from Europe to Indonesia (except for cotton textiles and cement) went up 7½% last December. Beginning February, rates from Australia to Malaya, Singapore, and Indonesia will be increased by 10%.

China Trade: China intensified her trade campaign in S.E. Asia; an exhibition of China manufactures will be held in Singapore before the Chinese New Year. China's exports to Singapore totalled S\$93 million during the first ten months last year. The inflow of China produce and Chinese industrial products to HK continued while exports to China remained slow.

Taiwan Trade: Taipei announced the trade figures for 1955: Exports totalled US\$133.44 million, an improvement of \$36 million over 1954; Imports under Government Funds \$91 million, a decrease of \$20 million below 1954; Imports under American Aid \$89 million, an increase of \$6 million over 1954. Aluminium ingot output in Taiwan last year reached 7,200 tons, of which 3,717 tons (US\$1.85 million) were exported. The bid for the supply of 300 tons groundnut oil was secured by a HK merchant. Purchases made by Taiwan last week from here included pharmaceuticals, industrial chemicals, mild steel angle bars, menthol crystal and dried lily flower.

Japan Trade: Tokyo adopted an "overall escrow formula" for the purchase of sugar from the Philippines; 324 items including textiles, industrial machinery and sundry goods will be ex-

ported to the Philippines to balance the sugar imports. Japan showed better buying interest here in China produce, particularly beans and oil seeds.

Korea Trade: US-Aid Funds amounting to US\$302 million were earmarked for following expenditures; \$98.7 million for construction; \$5 million for technical equipments; and \$206.1 million for consumer goods. An additional \$47 million will be spent on following imports: \$10 million for fertilizer, \$3 million for paper, \$3 million for chemicals, \$1 million for pharmaceuticals, \$1 million for metals, \$5 million for artificial silk, \$½ million for cement and \$23½ million for other imports. Another \$25 million were appropriated for the purchase of metals, cement, dyestuffs, chemicals, pharmaceuticals, woollen yarn, raw hide, artificial silk, machinery, etc. The conclusion of Korea-Japan barter agreement indicates more Korean purchases from Japan in the future. Korea's industrial production schedule for the first half 1956 includes 3,800 tons newsprints, 8,000 tons printing paper, 17 million pairs rubber footwear, 9,000 tons laundry soap, 36,000 tons cement, 6,000 tons fertilizers and 1,300 tons paints. From here Korea maintained her usual purchases in popular items of paper, industrial chemicals and

at \$2.10 and Connemara at \$1.40. Kluang had exchanges at \$1.55 and \$1.53½, Bedfords at \$1.52½ and \$1.55 and Temerloh were active between \$1.45 and \$1.50. London supplied Chota at 1/6 and 1/6½ and Bukit Sembawang at 4/4½ whilst the latter had local exchanges at 4/3.

The Loan section had only moderate dealings.

In Australia, Oil Search jumped from A 8/4 to A 13/- on London buying but closed at A11/6. Western Titanium opened A 2/10 buyers, A 3/- sellers.

pharmaceuticals; transactions would have been more voluminous had there been more stock to meet the demand.

Indonesia Trade: Indonesia purchased US surplus agricultural products amounting to a total value of US\$103 million. Payment will be made within 40 years; proceeds realized will be earmarked for the following: 80% for Indonesia's economic reconstruction projects and the balance for the development of trade between US and Indonesia. Shipments from HK to Indonesia improved lately; nearly every Djakarta bound vessel was fully loaded with cotton yarn, piecegoods, underwears, enamelware, flashlight batteries, aluminiumware, industrial chemicals, paper, and metals.

Thailand Trade: Bangkok resumed the issuance of new import licences for garlic, totalling 1,000 tons for the first quarter 1956, and was considering to ban the entry of rubber shoes and paper umbrellas to protect its home industries. Thai Customs announced that commercial samples and personal effects under 3,000 ticals could still be imported without a licence but must be subject to the regular import duty. Trading between HK and Thailand remained active. Exports to Thailand consisted mostly of HK manufactures and Japanese products.

Indochina Trade: Shipments to Vietnam, Cambodia, and Laos consisted mostly of textiles, marine products, and sundry provisions.

Philippine Trade: Manila issued more licences for barter imports, which reactivated the HK-Philippine trade during the week. Sugar was the chief export from the Philippines while cotton textiles, metalware, paper and industrial chemicals were the commodities from HK. The recent revision of import tariff by the Philippine authorities is a new obstacle to the revival of trade between HK and the Philippines. Import tariff on a long list of commodities including metals, knitted goods, sundry provisions, etc. was raised.

Burma Trade: Rangoon issued new import licences for automobile tyres; however, imports from the Sterling area and Japan must not exceed 90% of the licensed value and those from Czechoslovakia and East Germany, not over 20%. Following the conclusion of Burma-Japan barter agreement, more import licences were issued for Japanese cotton textiles, metals, cement and electric appliances. The Burma-Japan-America triangular pact was still under negotiation. HK-manufactured articles such as aluminiumware, plasticware, rubber footwear, felt hats, umbrellas raincoats and foodstuffs drew keen buying interest from Burma; the volume of business, however, was limited.

Other Countries: Singapore sent here more orders for provisions and sundry articles with the approach of Chinese New Year.

COMMODITIES

China Produce: The China produce market was active throughout last week. Japan remained keen in beans and oil seeds while Europe and India also provided strong demand for various popular items. Sesame firmed under strong demand from Japan and increased price on the international market. Raw silk registered substantial sales to Europe at better prices. Groundnut kernel enjoyed both local and export demand. White pea, green pea and broad bean were favored by Japan while red bean, black bean, string bean and yellow bean registered steady local demand; all prices were steady with the exception of yellow bean which turned bearish due to weaker prices in Singapore. Wood oil was bought by Japan and New Zealand, prices remained firm on the local market in spite of the fact that China had offered slightly lower prices to Europe. Cassia oil enjoyed better demand from UK and France; citronella oil declined slightly; aniseed oil was favored by Europe but the reappearance of the Vietnamese cargo weakened the market. Bitter almond recovered swiftly under renewed demand; ramie was again available in forwards which were favorably considered by Europe and Japan. Cassia lignea enjoyed strong demand from India and Pakistan at steady prices while honey was bought by Europe. Other European purchases included bamboo poles and frozen hen egg yolk. Menthol crystal was purchased by Taiwan; gypsum and teased cake by Singapore; aniseed star and coir fibre by Japan; galangal by Pakistan and Middle East. Jute was favored by local rope manufacturers; liquidation sales by holders depressed prices. Black tea declined under selling pressure; dried ginger remained weak due to the lack of demand; but maize improved on steady local demand.

Metals: Structural steels and factory items were popular during the week; prices in general were steady. Mild steel plate was firm; mild steel round bar was particularly active in sales to Thailand and New Zealand; mild steel angle bar drew orders from Taiwan; mild steel joist gained on short stock as well as demand from Thailand; mild steel square bar and flat bar were popular with local factories; and galvanized iron wire shorts improved on orders from Indonesia. Galvanized iron sheet gained on advanced indent but overseas buyers were ordering direct from producing sources. Local dealers booked iron wire nails from China to meet steady local and export demand. Wire rod was firmer on increased cost and copper sheet was stimulated by the higher copper market abroad. Scrap metals were still under demand but the low availability of stock curtailed the volume of business.

Paper: Market was brisk under Korean purchases during the early part of the week but turned slow later due to the lack of follow-up demand. Fairly

active local sales were, however, maintained throughout the week; prices were steady. Transparent cellulose paper noted a firmer undertone as all indents were hiked and demand was still keen. Woodfree printing remained popular with Korea and low stock forced traders to concentrate on forwards. Prime white glassine registered sales to Korea and Vietnam; MG white sulphite was bought by Korea in substantial quantities and more transactions were still under negotiations by the end of the week. MG ribbed sulphite was briskly traded but some specifications of Japanese origin dipped. Korea enquired for a large quantity of tissue paper; forward cargo was offered. Newsprint in reels was favoured by Korea and Thailand, while newsprint in reams enjoyed active local demand. Strawboard receded under liquidation sales by speculators although Japanese indent moved up; bond paper also eased slightly due to weaker demand. Local demand kept art printing, unglazed kraft, duplex board, and Chinese MG cap steady.

Industrial Chemicals: Business was restricted by short supplies; most prices ascended due to indent increases. Enquiries from Korea were keen. Formalin advanced on strong demand; calcium hypochlorite drew keen buying interest because market here was below indent cost; while ammonium bicarbonate firmed on dwindled stock after recent heavy shipments to Taiwan. Zinc chloride enjoyed Korean demand and zinc oxide was bullish on account of higher cost. Titanium dioxide, stearic acid, sodium cyanide, and gum damar were all short in stock. Gum copal was bought by Taiwan but selling pressure weakened the market. Sodium hyposulphite received many enquiries, indicating a better prospect in the immediate future. Linseed oil improved under speculative purchases while shellac firmed on short stock. Cup grease was active but prices erratic; carbon black noted a steady tone on better Korean demand. Korean enquiries covered also citric acid, magnesium sulphate, and rongalite C lump. Borax, paraffin wax, and potassium carbonate were steady with local demand. Sodium nitrate and sodium bicarbonate both receded, the former due to lower indent and the latter on account of the selling pressure.

Pharmaceuticals: Exports were slow during the week. Prices, however, remained steady. Calci-ostelin, sulfathiazole powder and tablets, saccharum lactose, vitamin preparations, penicillin preparations, quinine ethylcarbonate, caffeine alkaloid, ephedrine hydrochloride, and dihydro-streptomycin were firm with steady local demand. Aspirin powder was bought by China; santonin crystal and PAS powder by Korea; and ascorbic acid powder, gum acacia powder, gum tragacanth powder, and quinine sulphate by Taiwan. India enquired for chloramphenicol capsules and Taiwan wanted sulfanilamide powder, but short stock restricted the business.

Cotton Yarn & Textile: Slow trading and steady prices prevailed over the cotton yarn market throughout the week. Dealers booked substantial quantity of Pakistan yarns on account of their favourable prices. HK yarns remained steady; Indian yarns were weak; Japanese yarns gained slightly on short supply; Japanese staple fibre yarns registered some light trading towards the end of the week. The textile market recovered from early dullness when Indonesia, Thailand, Vietnam and the Philippines made active purchases.

Rice: Market of the week started with active trading but turned quiet later when prices were weakened by lower Thai indents and heavy arrivals from China and Bangkok.

Flour: Indents for American and Canadian flour were marked up by U.S.\$0.10. Market here ruled quiet but steady during the week.

Sugar: Prices declined with new arrivals from Taiwan and the Philippines. Demand from Indochina remained weak.

Cement: Japanese cement dipped slightly. The competition between Chinese and Japanese goods intensified with the appointment of a local agent by the manufacturer on the Mainland. Green Island, however, was not affected by the competition.

Marine Products: Marine products market registered active local and export sales at steady prices. Awabi was under seasonal demand; cuttle fish drew buying interest from S.E. Asia; dried oyster was briskly traded locally; dried shrimp ruled comparatively quiet; compoy turned sluggish under heavy supply.

Sundries: Sundry provisions enjoyed increased demand from S.E. Asia with the approach of Chinese New Year. Water melon seed was particularly popular at higher prices; mushroom registered substantial turnovers but prices failed to improve on account of new arrivals; red date went up on better demand and short supply; bean stick advanced on tightened supply from China; dried lichee enjoyed good business at low prices; ham and ginkgo were under seasonal demand; agar agar was purchased by Cambodia; lotus nut marked up due to higher indent. Other popular items included bamboo shoot, pearl barley, lily bulb, violet seaweed cake, and cashew nut. Dried lily flower was favoured by Taiwan and lunggan pulp turned bearish as speculators resold their stock. On the sundry articles market, naphthalene balls enjoyed very strong demand and new arrivals were absorbed immediately. Many short-stocked items such as safe-

ty pins, writing ink, press studs and ping-pong balls scored price gains.

Miscellaneous: Fresh Eggs registered more supplies from China; indent prices for hen eggs went up while those for duck eggs were marked down. Glass received renewed buying support from Taiwan. Leathers, both interior and upper, noted steady local demand. Taiwan was also keen in this item; foreign exchange amounting to US\$ 120,000 had been granted for its import.

Hongkong Products: Shipments of knitted goods to Canada increased. Hongkong manufactured yarn constituted 30% of the Indonesia's total consumption. In British West Africa, HK products are facing stiff competition from Japanese goods, particularly from Japanese textiles and enamelware.